

**Ron Sandler**  
on settling up  
at Lloyd's

Monday  
Tuesday  
Wednesday  
Thursday  
Friday

An executive who  
dances to  
the music of time



**Thomas Muster:**  
Fighting all the  
way to the top

**HIDDEN ASSETS  
OF THE GALA  
BINGO HALL**  
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# THE TIMES

BUSINESS EDITOR Lindsay Cook

SATURDAY JUNE 1 1996

## Growing consumer confidence lifts sterling

By JANET BUSH  
AND ROBERT MILLER

STERLING hit its highest level against the mark for 15 months yesterday, buoyed by more evidence that consumer demand and the housing market are strengthening. The pound ended above DM2.36 and above \$1.54 to the pound, its best level against the dollar for three months. Its trade weighted index closed at 86.3, its best finish since March last year.

Sterling has been climbing steadily for a month as investors have ditched currencies from comparatively weak

European economies. It was helped further yesterday by news of a record jump in consumer credit in April, a sharp rise in mortgage approvals and a report from the Nationwide Building Society that house prices are at their highest since December 1991.

Taken together, these all but rule out a cut in base rates when the Chancellor meets the Governor of the Bank of England on Wednesday. Although virtually no independent forecasters believe that the Chancellor will meet his current forecast of 3 per cent overall growth this year, some believe that he will achieve his

prediction of 3.5 per cent consumer spending.

More good news on the housing market is on the way. The Halifax, Britain's biggest provider of home loans with 2.5 million borrowers, is expected to more than double its forecast on house prices early next week. Until now, the Halifax has stuck resolutely to its forecast of a small 2 per cent increase despite nine consecutive months of rising prices. If next week's Halifax house price index follows broadly the same upward trend, the society will revise upwards its prediction, to between 4 and 5 per cent. The Nationwide said

yesterday that house prices in the 12 months to May had risen by 1.4 per cent, although on a seasonally adjusted basis, they y 0.2 per cent last month.

Philip Williamson, Nationwide's development director, said: "Prices have been on an upward trend for almost 12 months now, reflecting the clear improvement in buyer confidence revealed by successive surveys of the market."

"Actual transaction levels, however, have to date shown only a modest improvement and, according to Inland Revenue data, were still 5 per cent lower over the first four

months of the year, compared with the same period of 1995."

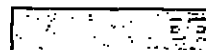
The Bank of England added to the generally favourable housing market data yesterday with figures that show gross lending in April was £5.3 billion, compared with £5.2 billion in March, and £4.4 billion in April 1995. New mortgage approvals in April were 18 per cent up on a year ago.

Separate figures showed that consumer credit rose by £1 billion in April, the largest jump in any month since records began. City analysts said that this is unambiguous evidence that consumers are gaining in confidence.

## WEEKEND MONEY



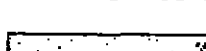
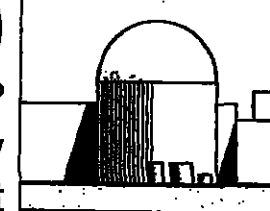
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British Energy  
comes to market

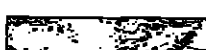
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Profit or poison?  
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comes to market



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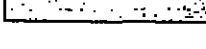


**36 How to protect your**  
savings from the  
effects of inflation

**36**



**INVESTMENT**



**36**

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**36**



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**INVESTMENT**

## Sears to lose £70m on Facia

By JASON NISSE

SEARS has moved to force the UK shoe companies of Facia, the troubled retailing company headed by Stephen Hinchliffe, into administration.

The action, which will lift the total cost to Sears to more than £70 million, was made because Sears believes Facia cannot pay outstanding debts of just £4 million.

Despite the prospect of administration, which will be decided by a court next week, the planned rescue of Facia by Texan American Group appeared to be going ahead.

Bill Grosvenor, Texan American's chief executive, said: "We are not that surprised and are watching events very closely." Talks between Facia and Texan American will continue, with Texan American likely to seek to pay a much lower price than was originally agreed.

Sears's debts result from two deals, one struck last August, the other in February, where Facia bought 379 Sears outlets and a raft of brand names including Saxe, Freeman Hardy & Willis and Trueform.

Sears, whose retailing interests range from Miss Selfridge to Dolcis, has already lost £46 million on the deals and said this move would cost it another £25 million. The value

of the transactions to Sears was to be no more £32 million.

It is believed that Facia has paid only a few million of this, with the rest due to come from the sale of freehold properties freed by the deal. Last night Sears denied suggestions that Facia had not actually paid any money at all to Sears.

Yesterday, Sears lawyers made an application in the High Court to place three Facia companies into administration — Facia Footwear, City Scan and Wisebird. The companies operate just under half of Facia's chain of 850 outlets.

The three companies owe Sears £4 million for unpaid rent and warehousing as well as being in possession of stock believed to worth more than £10 million.

Sears has been attempting to transfer the short term leases on 250 of the shops to Facia. However, *The Times* revealed this week that the deal, which involves selling a Sears subsidiary called Saxe Ltd, has led to protests from landlords and has yet to be completed.

Sears said it decided to call in the debts as a result of moves by the Department of Trade and Industry to seek Mr Hinchliffe's disqualification as a director. The action results from the collapse of a company called Boxgrey in 1993.

Gail Huggill, Sears's head of corporate affairs, defended the company's decision to deal with Mr Hinchliffe. "When we were selling the business, the deal was the best available," she said.

Sears received other offers for the shoe business and also considered closing them down. The cost of that move is understood to have not been greatly more than the ultimate loss from dealing with Facia.

Sears's problems with Facia will add to pressure in the City for the resignation of Liam Strong, the company's chief executive. He was criticised after the group announced full-year losses of £119.7 million, largely resulting from write-offs after the restructuring of Sears's shoe business. But Ms Huggill denied Mr Strong would step down. "He has the full support of the chairman and the board."

But Sir Brian Pearse, the Lucas chairman, said the company had not received any



Liam Strong, left, and Sir Bob Reid, chairman, deny Facia has not paid Sears anything

## Lucas signs £3.2bn merger with Varsity Corporation

By ALASDAIR MURRAY

LUCAS INDUSTRIES, the automotive components company, yesterday unveiled a £3.2 billion merger with America's Varsity Corporation that will propel the combined group into the top ten of world automotive suppliers.

The terms of the deal pleased the City and dampened speculation that a bid would emerge for Lucas, TI and GKN, the UK engineering companies, and General Motors of America and Germany's Siemens had been tipped as possible bidders.

But Sir Brian Pearse, the Lucas chairman, said the company had not received any

approaches from rival suitors. Lucas' share price yesterday closed up 14p at 245p. Analysts in London and New York, where Varsity is quoted, said a rival offer would need to be pitched between 270p and 300p.

Sir Brian will continue as chairman of the new company, to be known as LucasVarity. Victor Rice, Varsity chief executive, will have the same role in the enlarged group. George Simpson, the Lucas chief executive, is leaving to become GEC chief executive.

Sir Brian said: "The combination of Lucas and Varsity should generate increasing financial benefits from cost-

savings, revenue growth and operating efficiencies."

LucasVarity seeks savings of £50 million in the first year and £65 million in the second year. It will make a one-off charge of £50 million to cover restructuring and expects to save £65 million within three years, via a lower group tax bill.

Lucas shareholders are offered one share in the merged company for every Lucas share, and will hold 62 per cent of the new company. They will receive a 4.9p second interim dividend in lieu of a final.

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## Protests mar HSBC pay victory

By OLIVER AUGUST

DIRECTORS at HSBC Holdings, the parent company of Midland Bank, were given a bloody nose yesterday by shareholders protesting against the board's long-term incentive scheme.

At the annual meeting almost one fifth of shareholders voted with Pensions Investment and Research Consultants (PIRC), a City watchdog that had criticised the "excessive" pay awards.

Sir William Purves, the chairman, had tried to win over critics by promising that the bonuses would only be as high as one quarter of directors' usual pay.

But in spite of Sir William's insistence that this was wrong, PIRC, whose members include several institutional investors, still voted against the pay package because it objected to the fact that the remuneration committee can amend the scheme at will.

The remuneration scheme was approved by 475,096,321 votes to 112,215,059. The meeting was also overshadowed by a second row which led to protesters against the Midland's lending policy to developing countries being expelled from the hall on seven occasions.

The protesters began heckling Sir William as soon as he started the

William and the protesters were punctuated by the expulsions, interspersed with the occasional question from other shareholders.

Sir William, defending the bank's record, said that Midland would only provide finance for government-licensed British weapons sales, and even then would take individual decisions on the merits of the case.

He also defended the bank over Third World debt. It had written off small loans to very poor countries such as Sudan, and had participated in the so-called Brady Plan to reduce the debts of highly indebted countries such as Argentina.

## BUSINESS TODAY

FT-SE 100	3747.8	(+1.1)
Yield	4.03%	
FT-SE All share	1885.78	(+1.38)
New York	21958.19	(+88.84)
Nikkei	8643.82	(+43.59)
Dow Jones	868.55	(+3.19)
S&P Composite	868.55	(+3.19)

US RATE		
Federal Funds...	5 1/4%	(80%)
Long Bond	6.89%	(5.95%)
Yield	6.89%	(5.95%)

COMMON MONEY		
6-month interbank	6 1/4%	(8 1/4%)
12th long gilt	10 1/2%	(107 1/2%)
future (Jun)	10 1/2%	(107 1/2%)

STERLING		
New York	1.5500*	(1.5345)
London	1.5484	(1.5346)
DM	2.3686	(2.3514)
FF	8.0182	(7.9519)
SP	1.5002	(1.5015)
Yen	167.49	(165.12)
S index	68.3	(65.7)

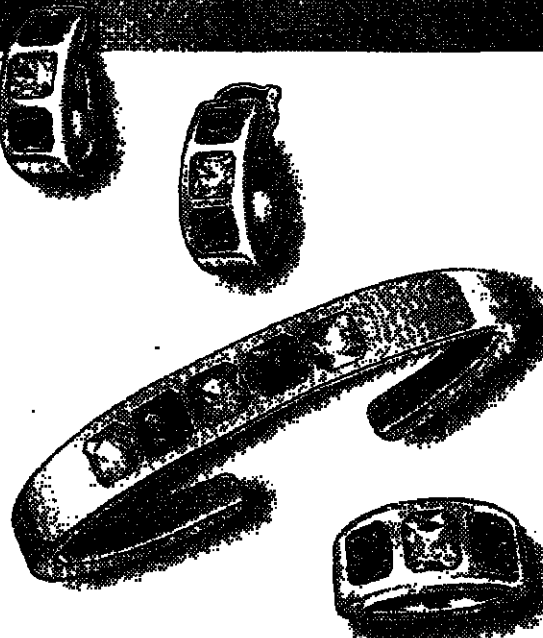
US DOLLAR		
London	1.5263*	(1.5350)
FF	5.1660*	(5.1690)
SP	1.2509*	(1.2500)
Yen	107.08*	(107.67)
S index	67.0	(67.0)

EURO DOLLAR		
London	1.5263*	(1.5350)
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SP	1.2509*	(1.2500)
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# Settling affairs at Lloyd's of London on a fair basis

A year ago, we published *Lloyd's: Reconstruction and Renewal*. This set out a radical plan to resolve the problems of Lloyd's past by settling the affairs of all members on a fair and equitable basis.

In the 12 months since, we have focused all our energies on developing and implementing that plan, referred to as R&R, which we expect to complete by the end of August. Long hours continue to be worked by large numbers of people in this huge and complex undertaking. Over and above the sheer volume of material to be processed, this has been an exercise in negotiation, consultation and building consensus.

The negotiating team at Lloyd's has had to deal with, and reconcile, the often conflicting interests of more than 50 litigating groups of Lloyd's members and their legal representatives, the market's errors and omissions underwriters, personal stop-loss underwriters, members of Lloyd's agency community, Lloyd's brokers, auditors,

individual members with specific agendas, regulatory bodies and many, many more. The round of meetings has been incessant, increasing in intensity as our deadlines have approached. It is a huge credit to all involved that, in spite of the disparity of views and interests across the spectrum, the discussions have borne fruit. They have been tough and, at times, exhausting, but they have been conducted by all parties in good faith and with a willingness to achieve the best outcome.

We have all been greatly encouraged by the desire of members of Lloyd's to take part in the process. Members representing all shades of opinion have been the core of the working parties, panels and advisory groups that we created to review options. The form of the settlement has thus been shaped by the membership rather than by an arbitrarily imposed central process.

Three weeks ago, we announced the final shape of the package, the principles of its distribution and the amounts now required to be

paid as an additional premium to Equitas. It must rank as one of the largest corporate refinancing packages undertaken and certainly the most complex. Each of the 34,000 members of Lloyd's involved has a unique set of circumstances to be accounted for. Gradually, on the evidence of a series of polls among the membership — by telephone, at meetings in the UK and overseas, and through our helpline — four-fifths of members say they are likely to accept their final settlement offer.

What does the plan offer? Principally, our watchwords since the plan was announced have been "affordable finality" and this, we are confident, will be achieved. Through careful application of our £3.1 billion funding package, no member will be denied participation through genuine lack of funds. Our proposals provide for a final reckoning of members' Lloyd's affairs for all underwriting years before 1993 by way of reinsuring their liabilities into Equitas. Those who wish to leave Lloyd's will be

## EXECUTIVE VOICE



Ron Sandler

able to do so; those who wish to continue underwriting can do so in the certainty that the problems of the past are behind them.

Additionally, there is the real prospect of resolving the difficulties that have arisen regarding Lloyd's membership in the US. Recent meetings with members in North America have demonstrated that most members there support our plans too and are keen to

participate in reconstruction. It should be clearly understood by UK members that they will not have to fund any shortfall from US members. Equally, it is evident that the vast majority of members, in the US and elsewhere, fully understand that it is not possible for them to avoid their obligations to Lloyd's policyholders.

We have assembled the best and fairest settlement possible, given that we cannot simply conjure up funds and the offer has finite resources. At the outset, there were those who argued that there were alternatives to Lloyd's plan that would produce greater benefit to the members. We, our legal advisers, and our regulator, the DTI, have examined the various alternatives, principally some form of run-off, and concluded that the consequences for members of following an alternative route would be infinitely less attractive. The independent Validation Steering Group also examined the alternatives. It too has concluded that it was unlikely that any section of the

Lloyd's community would be better off by adopting any alternative course. Its conclusions have not been challenged.

R&R provides an alternative to the inherent delays, uncertainties and finite resources by way of damages that members face through continuing litigation. The first major action group won a judgment against agents on liability in October 1994. In spite of many visits to the courts on legal points, no monetary award has yet reached any member of that group. Recognising this scenario and the unattractiveness of alternatives, it is small wonder that, in recent days, several leading action groups have adjourned their days in court with an explicit acknowledgement of the benefits of the reconstruction plan.

Post R&R, Lloyd's will offer many attractions. It has already generated unprecedented profits for the 1993, 1994 and 1995 years of account. Most independent observers place its collective profit for those three years at substantially more than

£2.5 billion. The Lloyd's market has retained the best of its underwriters, who continued to make profits through the difficult period from 1988 to 1992. Lloyd's has also retained its client base at a very respectable level. This demonstrates the sheer resilience of the market in the face of adversity and, more importantly, the role played by Lloyd's in the world insurance market in the supply of "niche" and "added value" products unavailable elsewhere.

None of us can rewrite history. What we can do is acknowledge mistakes and injustices where they have occurred and do our absolute utmost to ensure that they cannot recur in the future. My colleagues and I are well aware of the pain and anxiety that thousands of members have suffered as a result of their Lloyd's underwriting. It is this awareness that underpins our strenuous efforts, now on the brink of completion, to mitigate the suffering and dispel the anxiety.

Ron Sandler is chief executive of Lloyd's

## Lloyds TSB bank sells Hill Samuel corporate finance

BY PATRICIA TEHAN, BANKING CORRESPONDENT

LLOYDS TSB has ended uncertainty over the future of Hill Samuel, its investment banking arm, with the sale of Hill Samuel's corporate finance department to Close Brothers for a nominal sum.

The sale, for an estimated £5 million, follows the merger of Lloyds and TSB late last year.

The bank said yesterday that the rump of Hill Samuel would be "integrated" into Lloyds TSB. This is thought likely to mean a reduction in jobs and has been interpreted as effectively closing Hill Samuel Bank. After the corporate finance sale, Hill Samuel Bank

will employ 700 people in the UK. Many of these jobs are expected to go because they are in areas such as treasury, in which there is overlap with treasury operations of Lloyds TSB, or are in areas that Lloyds TSB sees as non-core.

A Lloyds TSB spokeswoman said that no decision had been taken on jobs. Hugh Freedberg, chief executive of Hill Samuel, would be heading the integration process, she said.

News of the sale came as a shock to staff, who last week had been told that, after a review of Hill Samuel Bank's strategic future, the Lloyds

TSB board had decided that Hill Samuel's businesses would best be served by integrating them within Lloyds TSB. The bank had already merged Hill Samuel's asset management and leasing businesses with its own similar businesses.

Lloyds TSB had appointed Phoenix Securities, the corporate finance boutique, to find buyers for Hill Samuel earlier this year. When Phoenix was unable to find a buyer, the Lloyds TSB board, in mid-May, decided to keep it. Two days after the decision was communicated to Hill Samuel staff, Lloyds TSB received an approach from Close Brothers, expressing interest in the corporate finance operation.

All 60 staff in the corporate finance business will be transferred to Close Brothers immediately, swelling its corporate finance operation to 80. Rod Kent, managing director of Close, refused to say whether any "golden hellos" were to be paid to ensure that staff stayed on with the new owner, but said that the bank had "made arrangements with these people". He said the acquisition suited the bank's stated aim of growing its corporate finance operation. Hill Samuel, with its focus on medium-sized quoted companies and experience of larger firms, "fits like a glove", he said.

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John Jackson is raising money for investment

## Sketchley cash call after £3.5m loss

BY CLARE STEWART

SKETCHLEY, the photoprocessing and dry-cleaning group, is asking shareholders for £21.6 million via a rights issue to strengthen its balance sheet.

News of the issue came as Sketchley unveiled a £3.5 million loss for the year to March 31, after restructuring costs of £7.5 million. The one-for-three rights issue, with shares priced at 105p, will, says John Jackson, Sketchley chief executive, cut borrowings and finance investment in the business.

Borrowings doubled to £27 million last year. Gearing rose from 35.2 per cent to 85.9 per cent after the rights issue, it will be cut to 10 per cent.

Part of the cash call will fund new photoprocessing equipment for SupaSnaps. After restructuring of the retail business, which shut 130 branches, with 30 more under review, there are 550 outlets.

Last year operating profits from Sketchley branches plunged from £2.8 million to £98,000. The group says current trading is up by about 5 per cent on a like-for-like basis.

Sketchley is also opening its new dry-cleaning and SupaSnaps outlets in new Sainsbury supermarkets. Four have opened so far. Mr Jackson forecasts "a very gradual roll-out as and when Sainsbury see an opportunity".

Sketchley is raising the total dividend for the year to 3.5p per share, dipping into reserves to fund the payout. The shares fell 5p, to 118p.

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## Profit warning from weather-beaten RMC

RMC, the building materials group, gave warning that results for the first half would fall "appreciably" below those seen in the same period in 1995. The company said the start of the year had been severely affected by a harsh winter throughout Europe. At yesterday's annual meeting, Christopher Hampson, chairman, said: "This weather factor and weaker demand in some of our major markets will mean that the results for the first half of the year will fall appreciably below those for the first half of 1995."

"Whilst this was not unexpected, it was disappointing, but I should point out that the first half of 1995 produced a record result, helped by strong economic conditions and a mild winter." Mr Hampson added that the outlook still remained "uncertain" despite hopes of an improvement in the second half of the financial year. Shares fell 6p to £10.09p on the news.

## Germans in pay talks

ARBITRATION talks aimed at ending deadlock in the annual pay round for Germany's 3.2 million public sector workers were adjourned yesterday, with mediators reporting limited progress. Three more days of negotiations are to start at a secret location on Monday. Mediators have up to two weeks to find a compromise proposal. Arbitration began after direct negotiations collapsed last Thursday when the unions rejected a package that they said amounted to a 15 per cent wage cut. The unions are demanding a 4.5 per cent increase.

## Danka buys US firm

DANKA Business Systems, the UK office equipment company with substantial interests in America, has acquired Leslie Supply Co, a photocopier distribution business with operations in the New York metropolitan area, for a total consideration of \$83.5 million. In its last financial year, Leslie earned profits of \$3.3 million on turnover of \$55 million. Net assets were \$6.5 million at its year end. The company employs 400 staff in three locations.

## Approval for Eastern

EASTERN GROUP moved a step closer to becoming the country's fourth-biggest generator when National Power shareholders approved the sale of 4,000 megawatts of power stations to the regional electricity company. The sale must be ratified by the Department of Trade and Industry after a report from the Office of Fair Trading. The OFT is considering the issue on competitive grounds but is expected to approve the deal, which is understood to have the support of the electricity regulator.

## £1m pubs purchase

OLD English Pub, the pub restaurant operator that is listed on the Alternative Investment Market, has expanded its property portfolio with the £1 million purchase of two pubs from receivers. The two properties, located in Suffolk and Norfolk, made a combined profit of about £96,000 on turnover of £890,000. The acquisitions lift the company's portfolio of pub restaurants to 49, with 259 letting rooms in 19 locations. The shares remained unchanged at 120p.

## Bridgend on lookout

BRIDGEND, the wholesaler distributor and leisure company, is on the acquisition trail to build up its core distribution business. The company has one leisure asset, the Stocks Hotel Golf & Country Club, after last year's £2.1 million sale of The Imperial Hotel (Cork). A £3.4 million provision against the carrying value of the remaining leisure property resulted in Bridgend reporting a £3 million loss in the year to December 31 against a £28,000 pre-tax profit last time. A maintained final dividend of 0.1p makes an unchanged 2p total.

## ScottishPower may return for Southern

BY CHRISTINE BUCKLEY

SCOTTISHPOWER is expected next week to relaunch its bid for Southern Water after its first offer was trumped by Southern Electric. City analysts believe the generating and supply business will bid about £10.70 a share, valuing the company at £1.66 billion.

Yesterday the water and electricity regulators set a deadline of June 14 for interested parties to comment on the bids for the water com-

pany. As revealed in *The Times*, the regulators highlighted the intention of ScottishPower to cut bills in its £1.56 billion offer.

The consultation document released by Ofwat and Ofwat said: "The directors welcome proposals from companies about sharing of benefits between shareholders and customers." The document also weighed up the effects of the proposed takeovers on competition.

Tempus, page 28

## The British Investment Trust PLC Net asset value increases 20.0%

The British Investment Trust PLC with ordinary shareholders' funds of £844m aims to achieve long term capital growth from a portfolio of international investments and secure for shareholders regular increases in dividend. Results for the year to 31 March 1996 demonstrate inflation-beating growth in dividend, together with strong growth in net asset value and share price.

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### FINANCIAL HIGHLIGHTS

as at 31 March 1996 (unaudited)

	1996	1995	Up by
Net Asset Value per share	270p	225p	20.0%
Share Price	224p	203p	10.3%
Dividend per share	5.5p	5.2p	5.8%

To: The Secretary, The British Investment Trust PLC, Donaldson House, 97 Haymarket Terrace, Edinburgh EH12 5HD. Please send me further information about The British Investment Trust PLC.

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## DTI to probe two founders over Bloodstock prospectus

BY ROBERT MILLER

THE Department of Trade and Industry is to investigate two of the founding directors of the Classic Bloodstock racing investment group, which raised £5 million from around 7,000 investors.

It is understood that the DTI inquiry will centre on the role of Ron Dawson and his wife, Maureen Moorcroft, in issuing a prospectus for Classic Bloodstock II.

The DTI has already conducted an investigation into the original Classic Bloodstock plc after the group failed to submit its accounts to Companies House on time

and incurred a £1,000 late-filing penalty. The DTI also requested that Maureen Moorcroft be replaced as company secretary "by someone with more experience".

The latest DTI move into the troubled racing investment group is believed to centre on the fact that in the prospectus for Classic Bloodstock II the directors gave no indication of the costs of the launch of the company, even though they must have known these would be substantial. The original Classic Bloodstock raised £3.2 million, of which £1.3 million was used to buy 24 horses, and

£800,000 to mail millions of glossy brochures to shareholders in privatisation issues such as British Gas.

Classic Bloodstock investors have contacted the Guild of Shareholders, and formed Classic Watch, an action group. A letter from the guild, which will be sent to Classic investors this weekend, says: "Shareholders who are prepared to give evidence, which entails the DTI visiting the shareholders to discuss the matter, and sending the shareholder a witness statement for signature and return, should contact this office."

## Panther lifts offer for Elys to £8.22m

PANTHER, the property group, has increased its offer for Elys, the Wimbledon department store, to £8.22 million, trumping a recommended offer from Morleys (Clare Stewart writes).

Panther has dropped the two-tier structure of its previous offer and is offering 685p per share, compared to Morley's 670p. The Panther package is made up of 590p per share in cash, including the proposed final dividend, and a special payment of 95p per share.

As a sweetener to tempt the charitable trusts that hold 39 per cent of Elys shares, but which have blocked Panther's approaches, eligible shareholders can reclaim the tax credits on the dividend and special payment. This bumps up the offer's value to 716.25p.

## TOURIST RATES

	Bank Buys	Bank Sells
Australia \$	2.02	1.96
Austria Sch	17.58	16.08
Belgium Fr	51.40	47.10
Canada \$	2.211	2.051
Cyprus Cyp£	0.780	0.705
Denmark Kr	9.67	8.87
Finland Mk	7.84	7.19
France Fr	6.39	7.74
Germany Dm	2.51	2.30
Greece Dr	388	363
Hong Kong \$	12.52	11.52
Iceland Ft	1.02	0.94
Israel Shk	5.44	4.79
Italy Lira	2489	2334
Japan Yen	180.40	164.40
Malta	0.596	0.541
Netherlands Gld	2.768	2.558
New Zealand \$	2.40	2.18
Norway Kr	10.82	9.82
Portugal Esc	283.50	235.00
S Africa Rd	7.27	6.47
Spain Ptas	205.50	192.50
Sweden Kr	11.03	10.23
Switzerland Fr	2.07	1.98
Turkey Lira	123984	115884
USA \$	1.632	1.502

Rates for small denomination bank notes only as supplied by Barclays Bank PLC. Different rates apply to travellers' cheques. Rates as at close of trading yesterday.

## Return of the vanities

"In the past few months the City has witnessed a pay explosion that, even by the far from modest standards of the Square Mile, has provoked a mixture of envy and outrage..."

Massive salaries return to the City. Business Focus — The Sunday Times tomorrow

## TAKE THE ESCALATOR TO THE TOP

See page 37 for further details

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هكذا من الأصل



## A WORKING WEEK FOR: CHRISTIAN VIROS

## An executive dancing to the music of time

Eric Reguly meets an unconventional French business consultant who is credited with restoring the fortunes of a Swiss watchmaker

Monday  
Tuesday  
Wednesday  
Thursday  
Friday

THE watch is heavy, chunky even, and simple in design. The uncluttered dial and the bezel, a device useless to anyone except a deep-sea diver, suggest that this is a sports instrument and not merely a piece of jewellery. It is the TAG Heuer Series 6000 platinum, the most expensive product in the Swiss company's portfolio, and it is yours for about £30,000.

In the advertisements the date on the watch face is always placed at "8" because the number is a symbol of wealth and fortune in the Far East, where most of the Series 6000s are sold. Buy the 18-carat gold version for £10,500 and you'll have enough left over for a small BMW or a couple of outside-suite tickets on the QE2. The stainless steel ones, starting at £1,025, seem a bargain.

Only a few years ago, the very idea that TAG Heuer could sell watches for such prices was absurd. At best, TAG Heuer was a marginal player struggling to build an image and sales. Today, it is the fifth-largest Swiss watchmaker, with 1995 sales of \$312 million and net income of \$62.2 million.

But Christian Viros, the chief executive and the man largely responsible for TAG Heuer's turnaround, says the company is not striving to become the next Rolex. "Rolex," he says, "is a status symbol in the extreme. We are going after the young achievers instead, the 20 to 45-year-olds who have just made it or are just about to make it."

If the marketing strategy was translated into car terms, the company would rather be known as the BMW than the Mercedes of the industry. Both marques stand for quality, Viros says, but the former has a more youthful, athletic image than the latter.

TAG Heuer came close to standing for nothing. By the 1980s, Heuer, as the company was then called, was on the verge of bankruptcy, its 125 years of history all but forgotten. In 1985, the billionaire Ojeh family of Saudi Arabia spotted an opportunity to revive the name, and, through Techniques d'Avant-Garde (TAG), a family holding company, bought control of Heuer for about \$50 million. The Ojehs, whose assets range from ownership of Paraguay's second-largest ranch to the McLaren Formula One racing team, renamed their new investment TAG Heuer.

The company was all over the place. It was vaguely identified with sturdy, stainless steel sports watches, but otherwise had no marketing strategy. The Ojehs did not know whether to transform it into a mass producer of inexpensive sports watches or take it in the opposite direction and make it a prestige brand. The middle ground was not an option because it was cluttered with competitors,

any of which might be fashionable one year and out of favour the next.

So the Ojehs did what all good businessmen do and hired consultants. Booz Allen & Hamilton was approached and Christian R. Viros, a partner in the firm's Paris office, was put forward. Viros had ten years of experience in the consumer products field and, through clients such as Hermes and Courvoisier, had become adept at the art of turning unnecessary goods into objects of extreme desire.

Not surprisingly, Viros and his Booz Allen partners chose to relaunch TAG Heuer as an upscale brand, one that would build on its sports background. The company's new owners were impressed by the strategy and asked Viros to join them full-time. In 1988, he became its chief executive.

Viros has an unconventional lifestyle, even by globetrotting executive standards. Esther, his American wife, and their two sons live in Paris and he spends most weekends there. He gets up every Monday morning at 5.15, takes the company jet, a Cessna Citation II, to Bern, jumps in his green Porsche 911, drives west to Neuchâtel and is in the office before nine.

The Cessna gets a lot of air time during the week. There are sponsors to see,

He loves jazz,  
modern art...  
and considers  
dancing on tables  
good therapy

celebrities to schmooze and product launches to attend. In one week, Viros and his entourage were in Monaco for the Grand Prix — David Coulthard, the driver for the Ojehs' McLaren team was placed second — and in Hamburg to introduce a new watch.

In other weeks, he might be in Hong Kong, Singapore, Malaysia or Indonesia, trying to build up the TAG Heuer brand name in the company's biggest potential markets.

Viros has not cracked under pressure, but his life is not without regrets. He misses his family — "there is an absence with a capital A" — and they have lived in so many places that his wife was never able to develop the career that she wanted. "My wife didn't blossom in the way she could have," Viros says. "I moved a woman to Paris who had a vision for herself, who thought that to be credible you had to have an identity beyond just being a mother."

He claims that Esther is not bitter, however. Her sons are teenagers and she now teaches English at a school for airline stewards.

It may not be too long before Viros can see his family more than two days a week. The company was recapitalised late last year, in what Viros calls a "pseudo-leveraged buyout", and is destined for flotation or a merger with another watchmaker or luxury goods group.

He is proud of the company's history. Edouard Heuer practically invented the market for precision-timing devices. In 1860, he set up a watch company in St Imier, in the Swiss Jura mountains near



Money is not the goal for Christian Viros. "I could stop working today. I'm already rich," he says. "The motivation is the professional challenge"

Neuchâtel, and within 20 years had become the leading maker of chronographs, watches precise enough to be used in sporting events.

His two sons carried the business forward and, in 1916, they patented a revolutionary stopwatch — the Micrograph — that was capable of measuring time down to one-hundredth of a second. It caught the eye of the Olympic Games organising committee, and Heuer was appointed the official timekeeper of the Antwerp, Paris and Amsterdam Olympics in the 1920s. It was also the timekeeper for the first transatlantic flight of the Zeppelin.

In the following decades, Heuer went on to patent the first water-resistant watch case, the first watch with a tide indicator, the first miniature quartz watch with accuracy to one-thousandth of a second, and the first commercial analogue quartz chronograph. Then, inexpensive but technically sound Asian imports swamped the market. By the 1970s, Heuer was a spent force and Jack Heuer, the last in a long line of family owner-managers, decided the company needed fresh blood to survive.

Viros never thought for a moment that he would devote his prime professional

years to the rehabilitation of a company like TAG Heuer. He enjoyed the variety and freedom of a consultant's life and never saw himself building a career in a town that considers watch-making a sexy profession. He loves jazz, modern painting and French cuisine and considers dancing on tables — as he did during a recent promotional party in Athens — good therapy.

Such pursuits are rare in Neuchâtel. "It's good for a holiday — a tax holiday," he says. Viros, 48, the son of a pharmacist father and teacher mother, was born in Le

Mans. He was sent to a military boarding school at 15, graduated with a civil engineering degree in 1971 and went on to build dams in Pakistan before receiving management and business degrees from Columbia University in New York.

His late 20s were particularly trying emotionally. In 1975, his father died and his brother was killed in a car accident. Two years later, he landed at Booz Allen and worked in its New York and Paris offices until the invitation to join TAG Heuer came in 1988.

The recapitalisation saw the Ojehs' stake fall from 94 per cent to 44 per cent while CWB Capital Partners, a private equity fund based in London, took 41 per cent. The management paid \$50 million (£3.1 million) for 100 per cent of the

convertible preferred shares, which will leave Viros and his two colleagues with 15 per cent of the group's equity.

Dick Hanson, a CWB partner, says: "Obviously, a flotation in the medium term is an option. We're impressed with the company or we wouldn't have taken such a large stake."

Viros could become very rich if TAG Heuer is floated, but he says that money is not the goal. "I could stop working today. I'm already rich," he says. "The motivation is the professional challenge. I love what I'm doing." But the next challenge is likely to be closer to home and perhaps more personal. He wants more time to study art, listen to jazz, learn to play the piano and saxophone again, and find more tables to dance on.

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### HIDDEN ASSETS

## Flavour of romance in a south London backwater

Today, it would probably be labelled escapist, surreal, or, possibly, just mad. But in the 1920s, the favoured description was "atmospheric-romantic".

The Gala Bingo Hall in Tooting, a south London backwater, is owned by a subsidiary of Bass Leisure. It is a spectacular cross between a 13th century French Gothic cathedral, a medieval baronial hall and a 15th century Venetian palazzo on the banks of the Grand Canal.

The man responsible, Theodore Komisarjevsky, was a Russian theatre designer born in Venice in 1882, the son of Professor Theodore Komisarjevsky, the leading tenor from the St Petersburg Opera, and Princess Marie Kourzevich.

Brought up in St Petersburg, Komisarjevsky trained as an architect, but turned his attention to the theatre, first as a producer and then as a man-

Joanna Pitman finds a treasure house in Tooting that still pulls in the punters

ager. By his early thirties, he was director of the Moscow State Theatre and he arrived in London in 1919 with a reputation of high artistic and imaginative merit.

Sir Thomas Beecham invited him to produce at Covent Garden, and Komisarjevsky went on to form his own theatrical group, which included John Gielgud.

Komisarjevsky rapidly became a luminary on the London social scene, and such was the combination of his attraction to the opposite sex and his unpronounceable name, that he soon became known as "Mr Come-and-see-me". In the late 1920s, he met Sidney Bernstein who chose him as interior designer for his Granada cinema building

scheme. His first task was the Granada Dover in 1930. As David Atwell says in *Cathedral of the Movies*, Komisarjevsky was not modest. "I succeeded in producing an effect of architectural harmony, of richness, and at the same time of restfulness," the designer wrote after the opening of the Moorish palace style cinema.

But his masterpiece was at Tooting, where he confidently planned to provide a predominantly working-class population with a fantasy with which to forget their grim day-to-day lives in the drole queue and dream themselves into a new cinematic existence. The entrance area is a medieval baronial hall with a minstrel's gallery and carved

panelling. The stalls' lobby is a marble hall lined with Italian Renaissance columns and mirrors. And the circle foyer is a spectacular long cloister of arches and mirrors that draws into what was originally the 3,500-seat cinema auditorium.

The walls are lined with intricate carvings in dark antique golds and reds. Murals and frescoes of 15th century courtly figures line the arched recesses and the windows are of stained glass. The mighty Wurlitzer organ that used to rise from beneath the stage is now under the bingo hall floor.

Komisarjevsky appears to have helped himself from the decorative canons of Michelangelo and Raphael. The result is a rich and ambitious cornucopia of columns, pilasters, capitals and traceried balustrades.

The Russian described his masterpiece as follows: "The picture theatre supplies folk with the flavour of romance for which they crave..." When it opened in 1931, the locals were transfixed. During cinema's heyday in the 1930s, the Tooting Granada hit annual admissions of three million. Frank Sinatra and Danny Kaye entertained there in the Fifties. In the Sixties, the Rolling Stones and the Beatles were there. But with the general postwar decline of cinema, falling admissions forced closure in 1973.

It was reborn as a bingo club three years later. And for Gala Clubs, the bingo subsidiary of Bass Leisure, Komisarjevsky's inspired interior is still pulling in the punters.



Paul Rogers, manager of the Gala Bingo Hall, surveys Komisarjevsky's masterpiece







## INSURANCE 30

Drive to put up cost of motor cover

## WEEKEND MONEY

## INVESTMENT 37

The Dow Jones celebrates its centenary



# Switch on to power of the atom

Caroline Merrell looks at what the public can expect from the British Energy privatisation

An era of privatisation is likely to come to an end in the next few weeks with the sale of British Energy, eight nuclear power stations which generate around 18 per cent of the UK's electricity.

The £4 million advertising campaign for the final, and perhaps most controversial, sell-off began this week with the announcement of the list of share shops which will be authorised to deal in the shares of the generating company.

Small investors will be offered at least 30 per cent of the shares — this may be increased if demand is strong. When Railtrack was sold, demand was such that the percentage available for the public was increased to more than 50 per cent. As in Railtrack, payment for shares in British Energy will be in two instalments, each in a different tax year.

Private investors will be offered a discount on the shares, although the level of the discount has yet to be announced. Those who register with a share shop will receive preferential treatment under the terms of the offer. It is anticipated that the company will yield a dividend of about 7.8 per cent.

The sale, which aims to raise about £2.4 billion, involves only the newer power stations — Hinkley B, Hunterston B, Heysham 1, Hartlepool, Dun-

geness B, Heysham 2, Torness and Sizewell B.

The success or otherwise of British Energy as a company depends on a number of factors. Crucial to its profitability will be the price of pool electricity — the price of this is influenced by the other two big generating companies, National Power and PowerGen, which are direct competitors to British Energy.

Although British Energy contributes to the pool, it has no influence on the price of the electricity. However, unlike the two other generating companies, it always has a guaranteed buyer for all its power.

BZW, British Energy's adviser, assumes that pool prices will remain flat at around 2.4p per kWh, valuing the company's assets at about £2.4-2.8 billion. This calculation is based on British Energy's expected output and the current pool price. However, this view contradicts a recent report by the Monopolies and Mergers Commission, which claimed that the price of pool electricity would fall to less than 2p per kWh, which would considerably reduce British Energy's value.

Another big factor affecting the company's long-term prospects will be the costs of reprocessing nuclear waste and the price of decommissioning stations when they reach the end of their lives.

British Energy says the oldest of its power stations will not reach the end of its working life for ten years and that, under some circumstances, the life of the power stations could be extended.

Decommissioning involves restoring the site of the power station to the original "greenfield" state. The costs of decommissioning will be dealt with by a segregated fund into which British Energy will contribute £16 million a year. This fund already has about £225 million.

However, Friends of the Earth claims that the costs of decommissioning have been grossly underestimated. It says that British Energy should make an annual payment of £208 million a year to the fund to cover all of its costs. An annual payment of this amount would considerably deplete British Energy's annual profits. The company estimates it will make £49 million in pre-tax profits for 1997, rising to nearly £200 million by the end of the century.

The reprocessing of nuclear fuel from the power stations is being dealt with by British Nuclear Fuels on a fixed contract until about 2005. After that, British Energy is hoping to switch towards direct disposal of spent fuel. Friends of the Earth claims that the cost of reprocessing could rise sharply after the fixed contracts come to an end.

The final factor which could affect the company's performance is the debt it starts with. The Government initially wanted the company to pay for a substantial part of Sizewell B — the newest station. It now seems likely the debt will be around only £700 million. British Energy anticipates repaying this over two years.

Most analysts believe that British Energy will be priced at a low level to ensure a successful sell-off — it will be "priced to go".

Philip Epsley, an analyst with Albert E Sharpe, the broker, said: "The biggest influence on profits will be the pool price, which is controlled by National Power and PowerGen. British Energy's biggest competitors. This is a risk. On the other hand, the company will have a strong cash flow, which will provide a



Power to the people: Sizewell B power station, a British Energy asset in which shareholders will invest

good dividend. I think £200 million pre-tax earnings by the year 2000 is a plausible figure. British Energy does have the capacity to improve its efficiency: jobs could be cut and capacity increased."

But Mr Epsley points out that the decommissioning and reprocessing costs are relatively unknown quantities. "The true cost is anyone's guess."

Justin Urquhart Stewart, managing director of Barclays Stockbrokers, said he was encouraged by the initial documentation from British Energy. He said: "The Government will price it to make it attractive."

He also believes that the company's long-term prospects are good because it could diversify away from power generation into other areas, such as water or electricity distribution. He said that the generating company could be something of a "cash cow", adding that investors should take a one-year view and see how high the dividends are.

## Southern Water bid turn-on

SHARES in the water companies rose strongly during the week because of the battle being conducted over Southern Water. The week started with a hostile bid for the company from Scottish Power. The £1.5 billion offer immediately added 260p to the share price, bringing it to 941p. The bid from Scottish Power comprised an all-cash offer of 935.7p or a cash and share offer of 975p.

After the announcement of the bid, Southern Electric indicated that it, too, wanted to make an offer, and on Wednesday it launched a £1.6 billion agreed bid for the company. This valued the water company's shares at more than £10 and included a cash alternative of 975.5p. Southern Water's shares jumped again on the news, and yesterday closed at 979p. Analysts were anticipating that Scottish Power would come back with a better bid — perhaps around the £10.70 mark.

Many believe that the scrap over Southern Water marks the beginning of a spate of takeovers in the water sector.

Over the past 12 months, most of the UK's 12 regional electricity companies (Recs) have been taken over. The ReCs were floated six years ago for 240p. Most of the takeovers were around £10 a share, giving investors a return of more than 300 per cent on their investments.

The focus of attention has now moved on to the six companies remaining in the water sector. These companies were floated in 1989 for 240p a share. The shares of Anglian, Wessex and Yorkshire rose strongly on the back of the bid battle.

Anglian Water's share price rose more than 5 per cent, while Yorkshire is believed to be a bid target in spite of the company's problems in dealing with last year's drought. Wessex is also considered by many to be ripe for takeover.

Those looking to buy up water companies will include the loser in the fight over Southern. Also believed to be on the acquisition trail is the Eastern Electricity Group, now part of Hanson, which is due to be demerged from the parent group. Other interested parties could be the US electricity companies.

## Share shops offering Energy incentives

MANY of the 112 authorised share shops are offering special incentives for those interested in buying British Energy shares. Private investors will be offered three routes: through the UK public offer, the retail tender, and the retail Pep offer.

As in the case of Railtrack, preferential treatment will be given to those who apply through a Pep in the retail tender. There will be no incentive or discounts on shares in the retail tender. All successful bidders will pay the international offer price, which will be higher than the UK public offer price.

The minimum application will be £3,000 for the first instalment under the retail tender. Private investors can

apply in both the retail tender and the UK public offer.

ShareLink, the UK's biggest execution-only stockbroker, is offering those who register with it a £10 discount voucher, free transfer of shares into a ShareLink Premier Pep, and a dealing discount.

The share shop of the Skipton Building Society is offering applicants the opportunity to win a day's hospitality at Wimbledon or the British Grand Prix.

The Share Centre in Tring, Hertfordshire, will give families the opportunity to buy and sell shares in one transaction. It is also giving applicants free entrance into a draw, with a first prize of a trip for two to Champs-Élysées health resort.

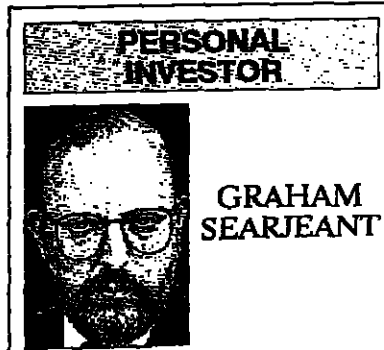
## Thrills and spills on tap

Five weeks ago, I suggested that the risk facing the millions of us who stayed loyal to utility shares had begun to outweigh the potential from special handouts, takeovers and other profitable surprises. Events since show what a tricky balance that is.

The Government said it would veto bids for PowerGen or National Power, though the latter duly confirmed the biggest payout in British corporate history. A bizarre plan to merge most of Cable & Wireless with British Telecom was abandoned. Then Ofgas came out with so draconian a plan for the dominant pipeline business of British Gas that the shares fell another 20 per cent in a couple of days. Other regulated sectors shuddered at this nightmare vision of their possible future.

Within a month, the utility share index had dropped 11 per cent. Electricity and water shares averaged 9 per cent falls compared with a drop of about 1 per cent in the all-share index. The utility index is still down 7 per cent. This week, however, the pendulum swung back. Two bids from electricity companies for Southern Water helped push the water share index 3 per cent higher than it was five weeks ago. These are the first bids from outside the industry. Already, unpopular Yorkshire Water is the next favoured bid candidate.

Investors heard more good news from the sector as its annual results season started. Anglian put its dividend up 15 per cent. South West, with two bids hanging over it, managed 12 per cent and looked forward to real increases of 6-7 per cent a year. United Utilities,



PERSONAL INVESTOR

GRAHAM SEARJEANT

which has grafted a local electricity distributor on to North West Water, bumped up its dividend even more and looks forward to future increases of 11 per cent over and above inflation.

If this is a pointer to the turn of the century, then surely more multi-utilities are on the way. Investors can sleep easy and collect more pickings. Or is British Gas's nightmare the truer augur?

Competition can be fixed against incumbents, even in water. Ofgas has also pointed the way to a new semi-socialist version of regulation that would surely suit a Labour government. In this version, the regulator becomes a monopoly buyer of services on behalf of the State, consumers or private suppliers, relegating the nominal owners of the utility to the status of contractors at the lowest possible price. Next week's proposals from Ofel, though couched differently, will be judged in this light.

Big fund managers are clearly not yet convinced by the super-utility future.

United Utilities shares offer a dividend yield of 7 per cent. That is a lowly rating if the board's dividend plans mature, since they might well outpace the stock market average. Scottish Power shares have tumbled almost a fifth from their peak since its latest bid ambitions began to surface. Its shares sell at less than 9 times adjusted earnings.

Institutional investors have been lightening their utility holdings, if only in a passive way, by taking the cash from takeovers and payouts and sitting on it. The ultimate fear is big groups will gear themselves up with borrowing, then be hit by a Labour utility levy, higher taxation, predatory regulation and the cut-throat early phase of competition in power and gas from 1998.

United Utilities makes no bones about "the extremely demanding challenges of the open domestic market", but reckons it can cope. It argues: "There will be winners and losers. The real route to us winning is to be more competitive. Being a multi-utility helps cut costs." True.

Companies such as UU, Wales's Hyder, and Scottish Power have thought through their strategy and gained important early experience. But even they are beginners at the one-stop utility shop. More alliances will doubtless be formed, including perhaps more water companies, power generators, BT and British Gas, which is now attracting a few strong-nerved bargain hunters. It should be exciting stuff with plenty of thrills and spills. But that is not really what most of us had in mind.

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**MERCURY**  
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BRITAIN'S LEADING INVESTMENT HOUSE

## Sara McConnell finds lenders wary of the 'one-bedroom loan'

## Small is viewed as less bountiful

Some of Britain's biggest lenders are refusing loans on certain one-bedroom houses and flats amid fears that they have become unpopular and will be difficult to resell.

The Northern Rock Building Society has refused to give a *Times* reader a mortgage on a one-bedroom house, claiming that such properties are "no longer considered desirable by a large part of the first-time buyer market".

Other lenders, including the largest mortgage arranger, the Halifax, admitted this week that they may also refuse loans on some one-bedroom properties because they are difficult to sell.

Lenders deny that they operate any kind of blanket ban on mortgages for one-bedroom properties, saying that the number of bedrooms is just one factor in their decision.

The Halifax said: "From a lending point of view we don't rule them out, but their resale value and future saleability would be looked at. There is not much of a market in some areas, frankly."

Studios and one-bedroom houses and flats were traditionally aimed at first-time buyers on the first rung of the housing ladder. Many people could afford nothing bigger during the housing boom.

Now, cheaper mortgages and a fall in property prices mean first-time buyers can afford to spurn smaller flats and "leapfrog" the first rungs on the housing ladder to buy a two or three-bedroom flat or house immediately, forcing the market for smaller properties into a continuing slump.

New figures from the Land Registry this week confirm a growing split in the market between houses and flats, with flats and maisonettes accounting for just 14 per cent of sales last year, while houses accounted for 24 per cent.

Richard Sykes applied for a

£31,500 loan from Northern Rock on a Victorian terraced cottage in Bradford for sale at £35,000. It was valued by the society at £30,000. But instead of carrying through the application, the society refused to lend the money.

When pressed for an explanation the society wrote: "We believe that the property would prove to be (in the unlikely event we had to take possession) difficult to sell, making it hard for the society to avoid losing money. The real issue is that the property is a one-bedroom house and they are no longer considered desirable by a large part of the first-time buyer market."

Andy Kuipers, Northern Rock's assistant general manager for marketing, says the loan was refused for a combination of reasons, and that the type of flat was just one issue. "The security may not be acceptable. From our experi-

enced into buying them in the 1980s. There is no doubt that some properties are less sought after at the moment, but they will come back into fashion."

Research suggests that the market for first-time buyer flats is not so much dead as changing. Yolande Barnes, head of research at Savills, the London estate agent, says small properties are in growing demand from buyers who want them as investments to rent them out.

In many cases younger people who would have bought small homes in the boom years are now renting, while saving for a deposit on a larger home. They are reluctant to commit themselves while the housing and job markets remain uncertain and after seeing others hit by falling prices and negative equity.

The low cost of buying in the first place and relatively high rents can produce a gross rental yield of about 12 per cent. Ms Barnes says: "First-time buyers will be stuck with their properties for longer. Their best hope is interest from the private rented sector." Properties near universities and hospitals can represent some of the best investments, she says.

The housing market is also pinning its hopes on housing investment trusts, the government's newest attempt to revive the private rented sector. Such trusts would be able to invest in rental property and cheap flats would offer tempting yields to investors. The details of the trusts are, however, still being finalised and none has yet been established.

But institutions are likely to drive a hard bargain when buying up small properties. Many owners will not be able to accept low offers because they have negative equity. They will have little option but to wait for clearer signs of a recovery.



There is not much of a market in some areas, frankly

ence one-bedroom flats are more difficult to sell." He added: "Our branch lending policy clearly states that one-person units are acceptable securities. But we have to look at every property individually. If we have to take quick possession there are some houses which will take longer to sell. But Northern Rock doesn't redline certain sorts of property."

Hugh Dunsmore-Hardy, chief executive of the National Association of Estate Agents, said: "If there was a blanket policy to decline [one-bedroom flats] this would be unacceptable. People were being in-

## Drive to put up the cost of motor insurance

The spectre of rising motor insurance rates is hanging over Britain's 17 million private motorists. Ever since the direct insurers entered the market, cutting costs and putting pressure on everyone to move premiums lower, canny motorists have been enjoying a holiday from hefty premiums. But after Direct Line's disappointing profits, the industry has started to murmur about unsustainably low rates.

In April, the Cassandras of the insurance industry took heart from an RAC report that confirmed their dire outlook and predicted a 10 per cent rise in premiums within a year. At about the same time General Accident said it was lifting selective rates by 4 per cent.

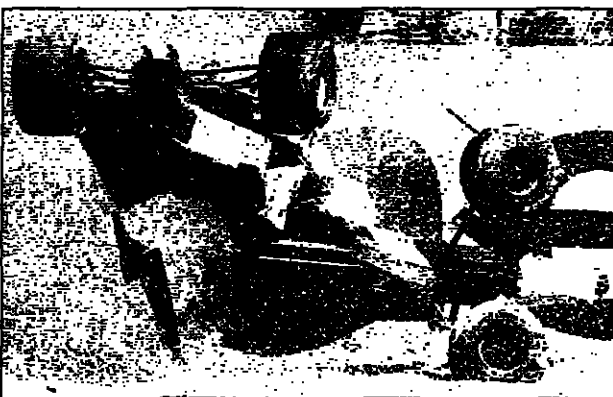
Not all industry observers, however, expect higher rates to stick. James Wooten, director of Motor Advice which specialises in finding the lowest insurance rates, says: "There is so much competition to get business and there are still new companies coming in.

Companies that have tried to put rates up are hopelessly uncompetitive and their policy holders aren't renewing. Eventually rates will go up, but not this year. Anyone whose premium this year is higher than last should immediately look around. In most cases they will get a saving."

It is also a good idea to shop around if you have been with the same company for a number of years. The best insurer for a 25-year old is not necessarily the best choice for a 45-year old. Similarly, some are better for women than for men. When choosing a policy, it is important to look at the level of cover and benefits, as well as the price.

**Courtesy cars:** Check if you get a free courtesy car if yours needs repairs. Your own insurer may also reduce premiums if you take certain precautions, such as installing an approved alarm. It may cost money to install, but you should be able to more than recoup the cost.

Karen Zagor on the vital points to check when shopping around to get the most for your premium



Motor insurance rates may start to come apart at the seams

**Audio equipment:** Is there a ceiling on replacing a stolen stereo? Limits can range from under £500 to more than £1,000 depending on the insurer. Some give unlimited cover

if the stereo is permanently fitted, others insist on it being fitted by the manufacturer.

**No claims:** If you have not filed a claim for a number of

years, your insurer should offer a discount. These tend to range from 30 per cent after one claim-free year, rising gradually to 60 per cent after six years. The discount is usually reduced after a claim.

The definition of a "no claims" benefit varies from company to company. Some will only preserve the discount if you do not make any claims; others such as Guardian Direct will continue to offer the discount even if you make a claim, provided you were not at fault. For minor repairs, it often makes sense to pay for them yourself rather than forfeiting the no-claims discount. Insurers say the best way to protect yourself is to take out protective no claims cover, which essentially is an extra payment allowing you to make up to two claims in a set number of years while preserving the discount. But this will increase the cost of insurance.

**Excesses:** Some insurers compensate for low rates by charging very high excesses, when you claim - typically, from £50 to £100.

**Monthly payments:** Annual insurance can be expensive. Most insurers will allow you to pay in instalments, but many charge for the privilege.

**Going abroad:** If you take your car to the Continent

regularly, look for a policy which gives free green cards. This provides the same level of cover on the Continent. Many insurers charge extra when you take your car out of the country. Otherwise, your insurer will provide the minimum required by law in other EU countries but may not cover other important areas, such as theft and damage.

If driving in Spain, you will need Bail Bond cover, or you could end up in prison after an accident.

**What has changed their attitude?**

**Insurers have been forced into a drastic rethink of the cover they offer since last October's**

The Association of British Insurers has four fact sheets on motor insurance. For free copies write to the ABI at: 51 Gresham Street, London EC2V 7HQ.

## A QUESTION OF MONEY

## Is new-style mortgage protection worth taking?

If you fall ill, have an accident or lose your job, how do you pay the mortgage? Until last October, you might have been able to turn to the State for help. If you qualified for income support you would have had your mortgage interest paid in full after a 10-week qualifying period. But now new rules have dramatically restricted such payouts, as Peter Lilley, the Social Security Secretary, sought to curtail the £1 billion annual bill and persuade more people to take out their own insurance.

The changes caused an outcry from housing and consumer groups, which argued that the mortgage payment protection policies on offer from insurers and lenders were totally inadequate and relying on them would lead to more reposessions.

Have insurers now been forced to offer better cover? What is on offer, how does it work and is it worth taking?

**What is mortgage payment protection insurance?**

It pays the interest on your mortgage if you are unable to work through illness or disability, or have lost your job. It is possible to buy cover for other commitments, such as endowment premiums as well.

**Is this the same as mortgage indemnity insurance?**

No. Mortgage indemnity insurance covers the lender if it has to repossess your home and sell it at a shortfall. You pay a one-off premium if you take out a loan for more than 75 per cent of a property's value, but the cover is for the lender's benefit, not yours.

**So where do I get mortgage payment protection insurance?**

It is normally on offer from your lender, which sells on policies underwritten in bulk by insurers. If you are taking out a mortgage at the moment you will almost certainly be offered it. It may even be free (see below). But increasingly, you can also buy it if you are an existing borrower. During the recession of the early 1990s, most lenders refused to offer it to existing borrowers on the ground that they may be buying it because they knew they may need to claim - for example, because they suspected they could lose their jobs. This is known in the insurance industry as self selection.

**What has changed their attitude?**

Insurers have been forced into a drastic rethink of the cover they offer since last October's

tightening of the income support rules. Spurred on by a combination of government pressure and competition from rival insurers, they have started to improve the benefits offered by the policies.

**People have told me these policies are not worth getting because they are expensive and don't offer good cover. Is this true?**

It used to be truer than it is now. Claims rose sharply during the recession especially because of unemployment and stress-related illnesses, so insurers reacted by cutting the benefits and raising the costs. Most policies started to pay out only for one year instead of two; they paid no benefits for the first 90 days and excluded large proportions of the population including the self-employed, those on contracts and those with pre-existing medical conditions. At the same time, the cost of the policies rose from around £5 per £100 of cover to up to £8 per £100. Many people who had taken out policies found they were not covered when they tried to claim.

The signs are now that things are improving, under pressure, although the policies still have restrictions. Costs have fallen back to around £4 per £100 for the cheapest cover. For the first time borrowers can choose whether to take just unemployment cover or cover for sickness or accident. Some policies pay out after 30 days. Borrowers can choose to pay more to be covered more comprehensively, for longer. Self-employed and contract workers are more likely to be covered.

Some lenders, notably the Skipton Building Society, offers free unemployment insurance to all their borrowers for seven months, for the term of the mortgage. Others offer free cover for limited periods.

**Why for a seven-month period?**

Under the new income support rules, borrowers who qualify for income support and need help with mortgages taken out after the beginning of October 1995 will have to wait nine months. Existing borrowers will have to wait six months to get their full mortgage paid. Policies like the Skipton's are designed to bridge some of the gap. But borrowers will have to wait 56 days before payments start. Other insurers are also developing policies which will pay out just in the gap between needing to claim and getting income support.

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If the bond is to be held jointly with one other person complete section 4

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All forenames

Permanent address

Postcode Date of birth

5 I understand the purchase will be subject to the terms of the Prospectus.

Signature (1)

Signature (2)

Date

Daytime telephone number (useful if there is a query)

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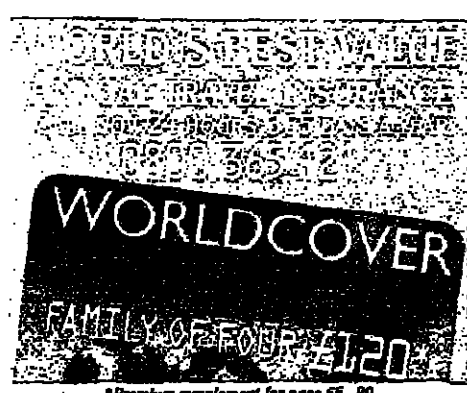
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## Costly delay over Plessey case

Legal system  
is proving  
inadequate for  
aged litigants  
says Caroline  
Merrell

A legal battle over retirement benefits fought by hundreds of pensioners formerly employed by Plessey, the electronics giant, has dragged on so long that scores of them have died before the case has reached court.

The chairman of the action group leading the campaign against the company claims he would not have started legal action had he known how long the proceedings were going to take. The case highlights the inadequacies of the legal system for dealing with complicated action where the litigants are old.

The pensioners are suing the company over the loss of private medical care benefits worth millions of pounds. The case, which was first highlighted by *The Times* three years ago, relates to the takeover of Plessey by GEC and



Kenneth Lilley would not have become involved in the case if he had known how long it would take to come to court

Siemens in 1989. After the takeover was completed, the new owners decided to withdraw the free private medical care enjoyed by retired former Plessey employees for nearly

three decades. About 2,000 people were affected by this decision.

Among them is Kenneth Lilley, who is chairman of the Plessey action group, which three years ago comprised 483 pensioners. This number has now dwindled to 408 because of deaths. The remaining members have already paid £60,000 in total to the court, to cover their costs if they lose.

Mr Lilley said: "I would never have decided to become involved in the case if I had known how long it would take to come to court."

The length of the legal wrangle has also annoyed another Plessey pensioner, Frank Slater from Brentwood in Essex. He said: "Before 1993 I had no knowledge of court procedure. However, on July 28 of that year I became one of 483 plaintiff litigants involved in an action against Plessey, now part of GEC. We started the case only as a last resort because we realised it would be costly and would take some time, but how long we never could have imagined."

He pointed out that the original writ was issued against the company in the summer of 1993. Six months later the group applied to the court to be taken through a

"fast track" procedure aimed at speeding up proceedings. The pensioners were told they could expect a hearing by the end of January 1994. Since then, the date has been put back six times and now they expect a court hearing in September of this year.

Mr Lilley has been unable to ascertain the reason behind the delays. He said: "Both

consideration of the customer." GEC said that post-retirement medical benefits were supplied to the pensioners on a voluntary basis. The company added that because of increasing costs it decided to discontinue the benefits. It would not comment on the legal action or the delay.

The Plessey pensioners, however, can take heart from the outcome of a recent similar case involving Philips, the electronics giant. In July last year, the High Court decided the company had been wrong to withdraw the private medical benefits enjoyed by retired employees. Philips decided not to appeal against the judgment and was forced to pay costs and compensation. Simon Beamish, a solicitor with Few & Kester of Cambridge, acting for pensioners, refused to reveal how much the case had cost Philips. He said that this case had also taken eight years to be resolved finally.

He said: "As part of the financial settlement, Philips also reimbursed the plaintiffs for the payments made by them since 1987 for the alternative private medical insurance scheme which had been subsidised by Philips." Philips also had to pay the costs of the case.

On present  
form we will  
all be dead  
before the  
case comes  
to trial

sides have to agree on a court date before the case can be heard." He has written to his MP to try to speed things up.

Mr Slater added: "On present form, we will all be dead before the case comes to trial. It is an inhuman system which, while being wrapped up in its own procedures, seems to be out of touch with attitudes today of competitiveness, cost control and con-

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up to 130,000,000 Ordinary Shares with a nominal value of 25p each (with Warrants attached on a one for five basis). The subscription price is 100p per Ordinary Share payable in full upon application. 60.2 million Ordinary Shares (with Warrants attached) have been reserved for the Placing and 69.8 million Ordinary Shares (with Warrants attached) are available to the public under the Offer for Subscription.

#### Availability of Prospectus

Copies of the Prospectus and Mini Prospectus are available for collection, until the Offer closes, from the registered office of the Company, and from the following offices:

Fidelity Investments International  
Oakhill House  
130 Tenbride Road  
Hildenborough  
Torbay  
Kent TN11 9DZ

Fidelity Investments International  
Beach Gate  
Millfield Lane  
Lower Kingswood  
Tadworth  
Surrey KT20 6RP

Fidelity Investment Services Ltd  
Ship Canal House  
98 King Street  
Manchester M2 4WU

Fidelity Investment Management Ltd  
25/26 Lovat Lane  
London EC3R 8LL

Independent Registrars  
5th Floor  
56-60 Gresham Street  
London EC2

Kleinwort Benson Securities Limited  
20 Fenchurch Street  
London EC3P 1DB

A Prospectus relating to Fidelity Asian Values PLC is published on 15th May 1996 which sets out the details of the Offer.

In applying for Ordinary Shares (with Warrants attached) you will be treated as applying on the basis of the Prospectus of Fidelity Asian Values PLC dated 15th May 1996 including the Terms and Conditions of Application set out in the Prospectus. Applicants have been made to the London Stock Exchange for all the Ordinary Shares and Warrants of the Company issued and now being issued to be admitted to the Official List. Dealings in the Ordinary Shares and Warrants are expected to commence separately on 13th June 1996.

The London Stock Exchange has authorised the use of this document under section 154(1) of the Financial Services Act 1986 without approving its contents. This document is not for distribution outside the United Kingdom. It is not and should not be treated as an offer or solicitation to sell securities in the United Kingdom.

Before deciding to apply for Ordinary Shares (with Warrants attached), you are advised to read the Prospectus. If you require advice, you should consult your stockbroker, solicitor, accountant or other professional adviser authorised under the Financial Services Act 1986.

## Key Information

Fidelity Asian Values PLC is a new investment trust company which will be managed by Fidelity Investments International, part of the Fidelity Organisation, one of the world's largest investment management organisations with some US \$10 billion invested in stockmarkets of the Asian Region.

The investment objective of the Company will be to achieve long-term capital growth through investment principally in the stockmarkets of the Asian Region (excluding Japan).

The Company's portfolio will be managed by Fidelity's Hong Kong office which manages the Fidelity South East Asia Trust, a £320 million UK authorised unit trust which has established an impressive performance record.

The Directors believe that Asian stockmarkets offer significant investment opportunities and should provide attractive returns over the longer term.

In order to enhance potential returns, it is intended that the Company will initially, subject to market conditions, borrow an amount equal to approximately 20 per cent. of the value of its net assets for the purposes of gearing.

Long-term capital growth of the Company will be measured against the MSCI All Countries (Combined) Far East Free ex Japan Index (expressed in sterling).

For every five Ordinary Shares, successful applicants will receive one Warrant giving the right to subscribe (in any of the years 1997 to 2006 inclusive) for one Ordinary Share at a price of 100p.

The Offer comprises 130 million Ordinary Shares (with Warrants attached). 60.2 million Ordinary Shares (with Warrants attached) have been reserved for the Placing and 69.8 million Ordinary Shares (with Warrants attached) are available to the public under the Offer for Subscription.

Initial expenses will be 4.5 per cent. of the gross proceeds of the Offer.

† The Fidelity Organisation comprises FMR Corp., USA and Fidelity International Limited, Bermuda (together with their subsidiary companies) which are separate companies sharing the same basic investment and management philosophy.

†† The continent of Asia (including Hong Kong, South Korea, Thailand, Singapore, Malaysia, Taiwan, Indonesia, Philippines, China, India, Pakistan and Sri Lanka, but excluding Japan, the countries comprising the former USSR, and the Middle East), together with Australasia.

Offer Timetable		1996
Latest time and date for receipt of applications under the Offer for Subscription		12.00 noon Wednesday, 5th June
Basis of allocation expected to be announced and despatch of certificates in respect of Ordinary Shares and Warrants		Wednesday, 12th June
Dealings in Ordinary Shares and Warrants expected to commence separately on		Thursday, 13th June

### Fidelity Asian Values Share Application Form

#### Please:

- Read the notes below on how to complete the form. Applications must be for a minimum of £2,000.
- Use BLOCK CAPITALS.
- Make your cheque out to 'Independent Registrars a/c FAV' and return this form to arrive by 12.00 noon on Wednesday, 5th June 1996 either to New Issues Department, Independent Registrars, PO Box 166, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TH or, by hand only, between 9.00 a.m. and 5.00 p.m. (Monday to Friday) to Independent Registrars, 5th Floor, 56-60 Gresham Street, London EC2. If you have any queries relating to the completion of this form please telephone Independent Registrars on 0181 650 4866.

1. Mr/Ms/Ms or Title			
Forename(s) (in full)			
Surname			
Address in full			
Daytime telephone number			
Postcode			
2. See note 1 below			
I/We offer to subscribe for <input type="text"/> Ordinary Shares (with Warrants attached) (minimum 2,000 shares) in Fidelity Asian Values PLC (the "Company") at 100p per Ordinary Share on the Terms and Conditions of Application as set out in the Prospectus of the Company dated 15th May 1996. Please apply for a minimum of 2,000 Ordinary Shares (with Warrants attached) initially and in multiples of 1,000 thereafter.			
3. I/We attach a cheque or banker's draft for the amount payable of £ <input type="text"/> (this should be the number of Ordinary Shares applied for multiplied by 100p).			
4. See note 2 below			
Box 4 must only be completed by joint applicants			
Mr/Ms/Ms or Title	Forename(s) (in full)	Surname	Signature
Mr/Ms/Ms or Title	Forename(s) (in full)	Surname	Signature
Mr/Ms/Ms or Title	Forename(s) (in full)	Surname	Signature
5. See note 3 below			
Signature <input type="text"/>			
Date <input type="text"/>			
6. Pin cheque here			
See note 4 below			
Please pin here your cheque or banker's draft for the amount shown in Box 3 above made payable to "Independent Registrars a/c FAV" and crossed "A/C Payee". Please note that a separate cheque or banker's draft must accompany each application form. If your application is for £12,000 or more, please read note 5 below.			

#### Notes

1. Your application must be for a minimum of 2,000 Ordinary Shares (with Warrants attached). Applications for over 2,000 Ordinary Shares should be made in multiples of 1,000. Applications for any other multiples may be rejected. Applications for Ordinary Shares (with Warrants attached) are made on the basis of the information in the Prospectus of the Company dated 15th May 1996. 2. You must apply jointly with up to three other persons. Boxes 1 and 5 must be completed by one applicant. All other persons who wish to join in the application must complete and sign Box 4. Other persons must sign on behalf of any joint applicant if that person is not authorised to do so under power of attorney. The power of attorney for a joint applicant must be signed by a solicitor or a notary public. 3. The application may be signed by another person on your behalf if that person is duly authorised to do so under power of attorney. The power of attorney for a joint applicant must be signed by a solicitor or a notary public. 4. Your cheque or banker's draft must be drawn in sterling on an account at a branch (which must be in the United Kingdom, the Channel Islands or the Isle of Man) of a bank which is either a member of the Cheque & Clearing Company Limited or the CHAPS or Town Clearing Company Limited or a member of either of the 6 members of the Society of British Clearing Houses or which has arranged for its cheques or banker's drafts to be cleared through the facilities provided for members of those companies or associations and must bear the appropriate clearing code on the top right-hand corner. The rules to select any application in respect of which the applicant's cheque or banker's draft has not been cleared on first presentation. 5. An application may be accompanied by a cheque drawn by a person other than the applicant(s), but the monies to be retained will be sent by crossed cheque in favour of the person named in Box 1. If an application is for £12,000 or more and is accompanied by (i) a banker's draft or a building society cheque or (ii) a cheque drawn by a person other than the applicant named on this form please refer to (i) and (ii) for the case may be below. (i) Please ensure that the bank or building society enters the applicant's name and address on the reverse of the cheque/draft and adds a stamp. (ii) Please ensure that one of the following documents is enclosed with this form: a recent original bank or building society statement or order bill to the applicant's name showing current address. Original documents will be returned by post as the applicant's own risk. Please note that if the above requirements are not fulfilled and suitable evidence of identity cannot be obtained within a reasonable time, the Company will not be permitted to accept the application.

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SEARCH ZAGOR on where to look for help with self-assessment forms



How Richard Gere helped to portray the American advance on the streets of Britain in the film *Yanks*

The Americans are coming and the high street may never look the same again. H&R Block, the Kansas City cut-price tax accountants, are eyeing Britain, in the wake of the recent introduction of self-assessment on tax.

Although the company has not yet decided whether to attack the UK market with a partner or go solo, its plans are serious. Last week, it restructured its tax business to create H&R Block International, a new international division, with the aim of rapid overseas expansion.

A company spokeswoman said: "The United Kingdom is an attractive market and one we have been studying. I would imagine we will move quickly."

For consumers faced with filling out complicated tax returns and the spectre of fines for getting it wrong, H&R Block's arrival may spell relief.

H&R Block, which has been called the McDonald's of the tax preparation industry, specialises in cut-price tax returns. It has more than 9,500 offices worldwide, including Canada, Australia and Guam. About half its offices are run as franchises.

In the US, where self-assessment applies to all, the company prepared 17.4 million returns last year, or 12 per cent of the total individual tax returns. The average charge for the service is \$62, equivalent to about £40. Rates vary, depending on the complexity of the return.

Although the Inland Revenue maintains that no one should have to take professional advice before filing out a tax return under self-assessment, it is widely believed that the new rules will drive millions of people into the arms of accountants.

## Americans may be new kids on tax advice block

About 4.5 million of the nine million people affected by the new rules already take advice. Another 2.3 million are expected to seek help.

**Q How would H&R Block work in the UK?**

**A** Given its track record, it will almost certainly offer an accessible, inexpensive service relying on tax preparers rather than accountants. If it pegs its prices low enough, it will put pressure on the existing UK services.

**Q Is there a UK equivalent?**

**A** No. But a number of services aimed at taking the edge off self-assessment have sprung up in recent years.

Barclays Bank now has three personal taxation services. The most popular is Tax Guard, a telephone-based service for those with relatively straightforward tax affairs who want help completing returns. Cost: £50 plus value-added tax.

For more complex situations, it has a Tax Management Service which helps to complete tax returns, and agrees codings and assessments with the Revenue.

Where necessary, it will also appeal against a Revenue decision and will handle all correspondence. Costs vary, but the starting price is £120 plus VAT.

More information about all three services is available on 0800 551177. You can register with Barclays Tax Information Service on this number and request a free information pack.

There is also the Tax Team, a network of specialist advisers, which was set up about two years ago to offer fee-

based help with tax returns. It offers different levels of help, depending on a client's needs.

The least expensive is the basic service, at £75 including VAT, for straightforward cases where a tax return is completed every year. Then there are the standard and premium services, at £175 and £275, respectively, and the bespoke service for particularly complex cases where costs will vary from person to person. The work is done by tax consultants who specialise in personal taxation. For information, call 0800 393520.

**Q Who will be affected by self-assessment?**

**A** Anyone with unusual tax affairs, including the self-employed, company directors, higher rate taxpayers who have savings or investment income and homeowners who let out their property.

**Q Do I need to do anything immediately?**

**A** The new rules will apply to the current tax year, so anyone likely to have to file a tax return should keep thorough records. They will be required to maintain adequate records to support a tax return or claims, and there may be hefty fines for improper documentation. Those affected by self-assessment must also keep documents relating to any income and tax paid.

The Inland Revenue has produced four booklets on self-assessment. To order, call the Revenue's special self-assessment response line on 0345 161514.

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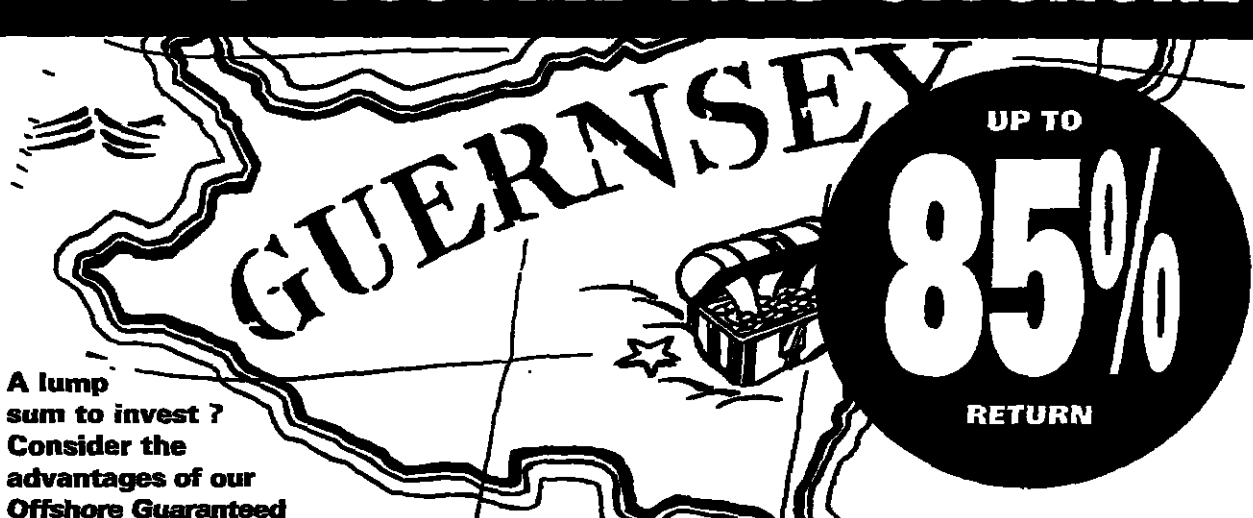
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TT 1/4/95

Sara McConnell looks at the way annuity rates are calculated, while

## The gamble of your life

GARY WOLANS

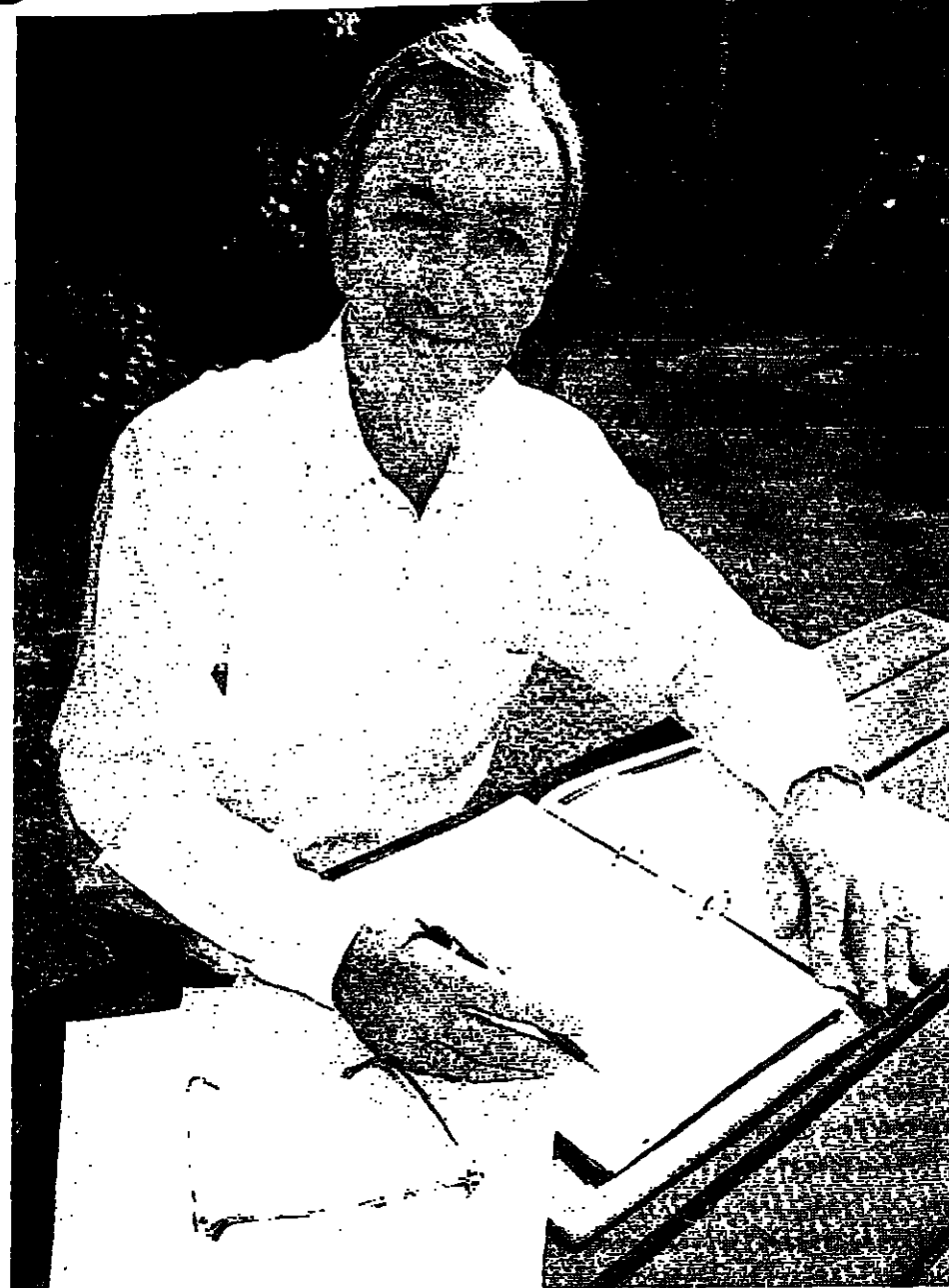
Sooner or later most people have to face the prospect of buying an annuity. Anyone with a personal pension has no option but to use 75 per cent of their fund to buy an annuity, which provides an income for life. Getting a good annuity rate can make the difference between living out retirement in poverty and feeling financially secure. But the way annuity rates are calculated remains obscure to many people, even those who know that annuity rates are linked to gilt rates.

Peter Frost, of Colchester, writes: "I read your annuity rate figures in the paper and was a little surprised at the relatively low returns on annuities, bearing in mind the gross redemption yield on government bonds, which return capital, and the current rate on annuities, which do not. I would have expected the differential between them to be larger."

Weekend Money replies: "Pension annuity figures are supplied to *The Times* by Annuity Direct, the independent annuity specialist, so we asked the company to give an explanation of how insurance companies and actuaries calculate annuity rates. At the end of May, a male aged 65 on a single life annuity, guaranteed for five years could get a rate of 11.11 per cent. The yield on a medium-dated (15-year gilt) was 8.3 per cent.

Billy Burrows, a director at Annuity Direct, says that although annuity rates are based on gilt yields, they are not directly synonymous because annuity calculations include an assumption of life expectancy. This means that the company actuaries, using life expectancy tables, work out how long you are likely to live. If you live exactly according to their expectations and die on the day they expect, you will have exhausted your capital. In practice of course, you do not get any capital back from an annuity. An annuity is essentially a bet on your life by a life company, because it is open ended. It has to pay out until you die. If you live longer than the company's mortality tables predict that you will, you will have won the bet. If you die before they expect you to, they will have won. Profits are used to subsidise other policyholders.

Mr Burrows says: "By contrast you will get a return of capital if you invest in a gilt, although you may not get it all back. A gilt has a set term, say



Peter Frost was surprised at the relatively low returns on annuities reported in *The Times*



the interest rate and the term and works out the payment so that you have zero at the end. With an annuity, you have a notional term, set by insurers and based on life expectancy tables. Annuity rates are set so that all the money is paid out by the end of this term."

Annuity rates are worse for women because they tend to live longer than men. Some companies pay poorer annuity rates than others for both sexes, usually when they are not interested in attracting business. You can take your pension lump sum to another company paying better annuity rates when you are ready to buy. This is called the open market option. But some companies may charge you a penalty for doing so.

five, ten or 15 years. If you buy a gilt, you know what income you will get until the redemption date. When life companies use gilts to back annuities, they buy a string to avoid the possibility that the income stream from one gilt runs out before you die."

Annuities are usually backed by 15-year gilts. A 60-year-old man is expected to live between 18 and 20 years after he retires. Annuity rates are higher than simple gilt rates because there is no actual return of capital. Mr Burrows says: "Annuities are like a mortgage in reverse. The lender knows

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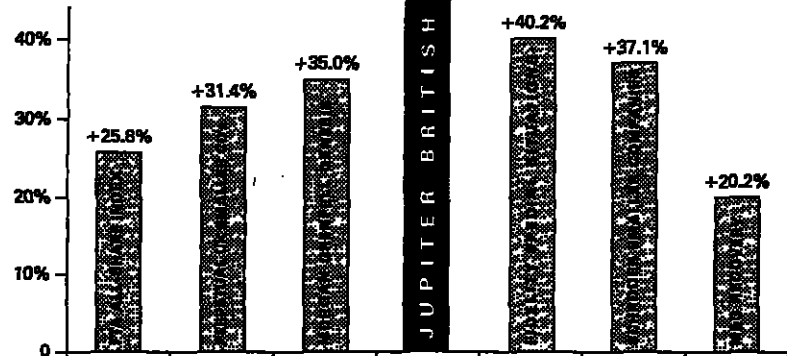
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مكتبة الأمل



A black and white photograph showing a man in silhouette, wearing a hat and sitting on a pier or boat, fishing with a long rod. The pier has a sign that reads 'مَكَانٌ مِنَ الْأَمَلِ' (A place of hope). The background shows a body of water and distant hills. The text 'First of all' is visible in the bottom left corner.

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**PRUDENTIAL**

Shares can offer real returns, writes Helen Pridham

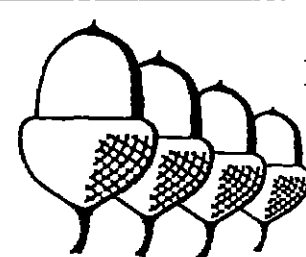
## A capital way to go for growth



Vietnam has proved attractive to some of the more exciting funds, but it is not without risk

Most building society interest rates at present are pitifully low, and the only consolation of having a lump sum in a savings account is knowing that it will not go down in value. But it will not increase much either. Most investors are earning 3 per cent or less after tax on their savings — just enough to cover inflation.

To achieve substantial real returns on the value of your savings, it is necessary to invest them where they can achieve capital growth, such as in a unit or investment trust. As the annual *BZW Equity-Gilt Study* regularly confirms, one of the best sources of capital growth is shares. The latest study shows that the real capital value of equities recorded a new peak last year which



### A GUIDE TO INVESTMENT & UNIT TRUSTS

PART 3

was nearly 20 per cent higher than the previous one in 1968. Capital growth offsets the gradual erosion in the purchasing power of your money because of inflation. Investing for growth can also be more tax efficient than earning high levels of income on your savings. Under current exemptions, you can take up to £6,300 in capital gains each year free of tax. The

prime objective of many unit and investment trusts managers is to achieve capital growth for investors. You may have to be patient, though, as there are risks involved in any investment in shares: you should take at least a five-year view on your investment. Some categories of share are more risky than others so you will need to choose carefully.

#### UNIT TRUSTS

■ **UK growth trusts:** Funds investing in UK shares for capital growth make up the second-largest unit trust sector with more than 150 funds and more than £1.8 billion under management. Some invest mainly in large blue-chip companies, including funds which track the FT-SE 100 index, such as HSBC's Footsie fund. Some concentrate on "recovery" or "special" situations — companies whose shares appear undervalued, such as Mercury Recovery. Others like Friends Provident Stewardship fund take an ethical stance. For first-time buyers, a mainstream fund which invests across the whole market is a good idea.

■ **Specialist UK and overseas funds:** If you are prepared to take more risk, you could increase your growth prospects by investing in more specialist unit trusts. As Rupert Robinson, who runs Rothschild's unit trust portfolio service, points out: "Historically, UK smaller companies tend to outperform larger ones, but they are also more volatile." He has about a third of the UK element of his capital growth portfolio invested in unit trusts which specialise in small companies. Over the past ten years, however, unit trusts investing in overseas stock markets have tended to outperform UK funds, though they are more risky because of the added risk of currency movements. Unit trusts investing in the Far East, excluding Japan, have been the best-performing category of trusts over the past ten years. The riskiest are those funds which invest in the fast-growing emerging economies of the Far East, Latin America and Eastern Europe. Some of the more exciting funds buy into growing companies in China, Vietnam, Brazil, and Mexico. Many advisers believe these funds will produce the best growth in the next years, but they can be volatile, so investors should put only a small portion of their savings into these funds.

#### INVESTMENT TRUSTS

■ **Conventional trusts:** A traditional choice for private investors seeking capital growth in the investment trust sector are general international trusts. These usually include a good exposure to the UK market as well as overseas holdings. Many currently trade at discounts to the underlying value of their assets, which means investors stand to get added gains if discounts narrow. Clive Scott Hopkins, of Towry Law, the financial advisers, said: "Some of the all-time greats in international investment such as Scottish Mortgage, Scottish Eastern, Scottish American and Witan are standing on current discounts to net asset value of some 15 to 17 per cent. Even Foreign & Colonial — the grandfather of them all — is at a discount of 8.7 per cent when only recently on its joining the FT-SE 100 index, it was at a premium."

■ **Split-capital trusts:** Two types of shares in split-capital investment trusts produce capital growth at opposite ends of the risk spectrum. At the low risk end are zero-dividend preference shares which grow at a known rate to a known maturity date. Repayment is not guaranteed, but there are many zeros available in trusts which would need to fall significantly in value to jeopardise repayment. These shares currently offer growth rates of about 7.5 to 8 per cent a year. Kean Seager, a financial adviser of Whitechurch Securities, cites zeros in Fleming Income & Capital which are offering a gross redemption yield of 8.1 per cent a year over the next four years. At the other end of the risk spectrum are capital shares in split-capital trusts. Assuming there are adequate assets, these will mop up all the capital growth left in the trusts at maturity after other classes of shares have been repaid. These shares are cheap at present and potential gains are attractive, but there is always a risk you could lose everything if the market fell significantly.

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## Robert Miller pays a birthday tribute to the world-famous index

**Independent Financial Adviser (if any)**











# THE TIMES UNIT TRUST INFORMATION SERVICE

1987-88	1986-87	1985-86	1984-85	1983-84	1982-83	1981-82	1980-81	1979-80	1978-79	1977-78	1976-77	1975-76	1974-75	1973-74	1972-73	1971-72	1970-71	1969-70	1968-69	1967-68	1966-67	1965-66	1964-65	1963-64	1962-63	1961-62	1960-61	1959-60	1958-59	1957-58	1956-57	1955-56	1954-55	1953-54	1952-53	1951-52	1950-51	1949-50	1948-49	1947-48	1946-47	1945-46	1944-45	1943-44	1942-43	1941-42	1940-41	1939-40	1938-39	1937-38	1936-37	1935-36	1934-35	1933-34	1932-33	1931-32	1930-31	1929-30	1928-29	1927-28	1926-27	1925-26	1924-25	1923-24	1922-23	1921-22	1920-21	1919-20	1918-19	1917-18	1916-17	1915-16	1914-15	1913-14	1912-13	1911-12	1910-11	1909-10	1908-09	1907-08	1906-07	1905-06	1904-05	1903-04	1902-03	1901-02	1900-01	1899-00	1898-99	1897-98	1896-97	1895-96	1894-95	1893-94	1892-93	1891-92	1890-91	1889-90	1888-89	1887-88	1886-87	1885-86	1884-85	1883-84	1882-83	1881-82	1880-81	1879-80	1878-79	1877-78	1876-77	1875-76	1874-75	1873-74	1872-73	1871-72	1870-71	1869-70	1868-69	1867-68	1866-67	1865-66	1864-65	1863-64	1862-63	1861-62	1860-61	1859-60	1858-59	1857-58	1856-57	1855-56	1854-55	1853-54	1852-53	1851-52	1850-51	1849-50	1848-49	1847-48	1846-47	1845-46	1844-45	1843-44	1842-43	1841-42	1840-41	1839-40	1838-39	1837-38	1836-37	1835-36	1834-35	1833-34	1832-33	1831-32	1830-31	1829-30	1828-29	1827-28	1826-27	1825-26	1824-25	1823-24	1822-23	1821-22	1820-21	1819-20	1818-19	1817-18	1816-17	1815-16	1814-15	1813-14	1812-13	1811-12	1810-11	1809-10	1808-09	1807-08	1806-07	1805-06	1804-05	1803-04	1802-03	1801-02	1800-01	1799-00	1798-99	1797-98	1796-97	1795-96	1794-95	1793-94	1792-93	1791-92	1790-91	1789-90	1788-89	1787-88	1786-87	1785-86	1784-85	1783-84	1782-83	1781-82	1780-81	1779-80	1778-79	1777-78	1776-77	1775-76	1774-75	1773-74	1772-73	1771-72	1770-71	1769-70	1768-69	1767-68	1766-67	1765-66	1764-65	1763-64	1762-63	1761-62	1760-61	1759-60	1758-59	1757-58	1756-57	1755-56	1754-55	1753-54	1752-53	1751-52	1750-51	1749-50	1748-49	1747-48	1746-47	1745-46	1744-45	1743-44	1742-43	1741-42	1740-41	1739-40	1738-39	1737-38	1736-37	1735-36	1734-35	1733-34	1732-33	1731-32	1730-31	1729-30	1728-29	1727-28	1726-27	1725-26	1724-25	1723-24	1722-23	1721-22	1720-21	1719-20	1718-19	1717-18	1716-17	1715-16	1714-15	1713-14	1712-13	1711-12	1710-11	1709-10	1708-09	1707-08	1706-07	1705-06	1704-05	1703-04	1702-03	1701-02	1700-01	1699-00	1698-99	1697-98	1696-97	1695-96	1694-95	1693-94	1692-93	1691-92	1690-91	1689-90	1688-89	1687-88	1686-87	1685-86	1684-85	1683-84	1682-83	1681-82	1680-81	1679-80	1678-79	1677-78	1676-77	1675-76	1674-75	1673-74	1672-73	1671-72	1670-71	1669-70	1668-69	1667-68	1666-67	1665-66	1664-65	1663-64	1662-63	1661-62	1660-61	1659-60	1658-59	1657-58	1656-57	1655-56	1654-55	1653-54	1652-53	1651-52	1650-51	1649-50	1648-49	1647-48	1646-47	1645-46	1644-45	1643-44	1642-43	1641-42	1640-41	1639-40	1638-39	1637-38	1636-37	1635-36	1634-35	1633-34	1632-33	1631-32	1630-31	1629-30	1628-29	1627-28	1626-27	1625-26	1624-25	1623-24	1622-23	1621-22	1620-21	1619-20	1618-19	1617-18	1616-17	1615-16	1614-15	1613-14	1612-13	1611-12	1610-11	1609-10	1608-09	1607-08	1606-07	1605-06	1604-05	1603-04	1602-03	1601-02	1600-01	1599-00	1598-99	1597-98	1596-97	1595-96	1594-95	1593-94	1592-93	1591-92	1590-91	1589-90	1588-89	1587-88	1586-87	1585-86	1584-85	1583-84	1582-83	1581-82	1580-81	1579-80	1578-79	1577-78	1576-77	1575-76	1574-75	1573-74	1572-73	1571-72	1570-71	1569-70	1568-69	1567-68	1566-67	1565-66	1564-65	1563-64	1562-63	1561-62	1560-61	1559-60	1558-59	1557-58	1556-57	1555-56	1554-55	1553-54	1552-53	1551-52	1550-51	1549-50	1548-49	1547-48	1546-47	1545-46	1544-45	1543-44	1542-43	1541-42	1540-41	1539-40	1538-39	1537-38	1536-37	1535-36	1534-35	1533-34	1532-33	1531-32	1530-31	1529-30	1528-29	1527-28	1526-27	1525-26	1524-25	1523-24	1522-23	1521-22	1520-21	1519-20	1518-19	1517-18	1516-17	1515-16	1514-15	1513-14	1512-13	1511-12	1510-11	1509-10	1508-09	1507-08	1506-07	1505-06	1504-05	1503-04	1502-03	1501-02	1500-01	1499-00	1498-99	1497-98	1496-97	1495-96	1494-95	1493-94	1492-93	1491-92	1490-91	1489-90	1488-89	1487-88	1486-87	1485-86	1484-85	1483-84	1482-83	1481-82	1480-81	1479-80	1478-79	1477-78	1476-77	1475-76	1474-75	1473-74	1472-73	1471-72	1470-71	1469-70	1468-69	1467-68	1466-67	1465-66	1464-65	1463-64	1462-63	1461-62	1460-61	1459-60	1458-59	1457-58	1456-57	1455-56	1454-55	1453-54	1452-53	1451-52	1450-51	1449-50	1448-49	1447-48	1446-47	1445-46	1444-45	1443-44	1442-43	1441-42	1440-41	1439-40	1438-39	1437-38	1436-37	1435-36	1434-35	1433-34	1432-33	1431-32	1430-31	1429-30	1428-29	1427-28	1426-27	1425-26	1424-25	1423-24	1422-23	1421-22	1420-21	1419-20	1418-19	1417-18	1416-17	1415-16	1414-15	1413-14	1412-13	1411-12	1410-11	1409-10	1408-09	1407-08	1406-07	1405-06	1404-05	1403-04	1402-03	1401-02	1400-01	1399-00	1398-99	1397-98	1396-97	1395-96	1394-95	1393-94	1392-93	1391-92	1390-91	1389-90	1388-89	1387-88	1386-87	1385-86	1384-85	1383-84	1382-83	1381-82	1380-81	1379-80	1378-79	1377-78	1376-77	1375-76	1374-75	1373-74	1372-73	1371-72	1370-71	1369-70	1368-69	1367-68	1366-67	1365-66	1364-65	1363-64	1362-63	1361-62	1360-61	1359-60	1358-59	1357-58	1356-57	1355-56	1354-55	1353-54	1352-53	1351-52	1350-51	1349-50	1348-49	1347-48	1346-47	1345-46	1344-45	1343-44	1342-43	1341-42	1340-41	1339-40	1338-39	1337-38	1336-37	1335-36	1334-35	1333-34	1332-33	1331-32	1330-31	1329-30	1328-29	1327-28	1326-27	1325-26	1324-25	1323-24	1322-23	1321-22	1320-21	1319-20	1318-19	1317-18	1316-17	1315-16	1314-15	1313-14	1312-13	1311-12	1310-11	1309-10	1308-09	1307-08	1306-07	1305-06	1304-05	1303-04	1302-03	1301-02	1300-01	1299-00	1298-99	1297-98	1296-97	1295-96	1294-95	1293-94	1292-93	1291-92	1290-91	1289-90	1288-89	1287-88	1286-87	1285-86	1284-85	1283-84	1282-83	1281-82	1280-81	1279-80	1278-79	1277-78	1276-77	1275-76	1274-75	1273-74	1272-73	1271-72	1270-71	1269-70	1268-69	1267-68	1266-67	1265-66	1264-65	1263-64	1262-63	1261-62	1260-61	1259-60	1258-59	1257-58	1256-57	1255-56	1254-55	1253-54	1252-53	1251-52	1250-51	1249-50	1248-49	1247-48	1246-47	1245-46	1244-45	1243-44	1242-43	1241-42	1240-41	1239-40	1238-39	1237-38	1236-37	1235-36	1234-35	1233-34	1232-33	1231-32	1230-31	1229-30	1228-29	1227-28	1226-27	1225-26	1224-25	1223-24	1222-23	1221-22	1220-21	1219-20	1218-19	1217-18	1216-17	1215-16	1214-15	1213-14	1212-13	1211-12	1210-11	1209-10	1208-09	1207-08	1206-07	1205-06	1204-05	1203-04	1202-03	1201-02	1200-01	1199-00	1198-99	1197-98	1196-97	1195-96	1194-95	1193-94	1192-93	1191-92	1190-91	1189-90	1188-89	1187-88	1186-87	1185-86	1184-85	1183-84	1182-83	1181-82	1180-81	1179-80	1178-79	1177-78	1176-77	1175-76	1174-75	1173-74	1172-73	1171-72	1170-71	1169-70	1168-69	1167-68	1166-67	1165-66	1164-65	1163-64	1162-63	1161-62	1160-61	1159-60	1158-59	1157-58	1156-57	1155-56	1154-55	1153-54	1152-53	1151-52	1150-51	1149-50	1148-49	1147-48	1146-47	1145-46	1144-45	1143-44	1142-43	1141-42	1140-41	1139-40	1138-39	1137-38	1136-37	1135-36	1134-35	1133-34	1132-33	1131-32	1130-31	1129-30	1128-29	1127-28	1126-27	1125-26	1124-25	1123-24	1122-23	1121-22	1120-21	1119-20	1118-19	1117-18	1116-17	1115-16	1114-15	1113-14	1112-13	1111-12	1110-11	1109-10	1108-09	1107-08	1106-07	1105-06	1104-05	1103-04	1102-03	1101-02	1100-01	1099-00	1098-99	1097-98	1096-97	1095-96	1094-95	1093-94	1092-93	1091-92	1090-91	1089-90	1088-89	1087-88	1086-87	1085-86	1084-85	1083-84	1082-83	1081-82	1080-81	1079-80	1078-79	1077-78	1076-77	1075-76	1074-75	1073-74	1072-73	1071-72	1070-71	1069-70	1068-69	1067-68	1066-67	1065-66	1064-65	1063-64	1062-63	1061-62	1060-61	1059-60	1058-59	1057-58	1056-57	1055-56	1054-55	1053-54	1052-53	1051-52	1050-51	1049-50	1048-49	1047-48	1046-47	1045-46	1044-45	1043-44	1042-43	1041-42	1040-41	1039-40	1038-39	1037-38	1036-37	1035-36	1034-35	1033-34	1032-33	1031-32	1030-31	1029-30	1028-29	1027-28	1026-27	1025-26	1024-25	1023-24	1022-23	1021-22	1020-21	1019-20	1018-19	1017-18	1016-17	1015-16	1014-15	1013-14	1012-13	1011-12	1010-11	1009-10	1008-09	1007-08	1006-07	1005-06	1004-05	1003-04	1002-03	1001-02	1000-01	999-00	998-99	997-98	996-97	995-96	994-95	993-94	992-93	991-92	990-91	989-90	988-89	987-88	986-87	985-86	984-85	983-84	982-83	981-82	980-81	979-80	978-79	977-78	976-77	975-76	974-75	973-74	972-73	971-72	970-71	969-70	968-69	967-68	966-67	965-66	964-65	963-64	962-63	961-62	960-61	959-60	958-59	957-58	956-57	955-56	954-55	953-54	952-5
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## Equities lose early gains

TRADING PERIOD: Settlement takes place five business days after the day of trade. Changes are calculated on the previous day's close, but adjustments are made when a stock is ex-dividend. Changes, yields and price/earnings ratios are based on middle prices.

## ALCOHOLIC BEVERAGES

300	300	Shane (DP)	118	-	5	61	16
299	299	Shane (DP)	118	-	5	61	16
298	298	Shane (DP)	118	-	5	61	16
297	297	Shane (DP)	118	-	5	61	16
296	296	Shane (DP)	118	-	5	61	16
295	295	Shane (DP)	118	-	5	61	16
294	294	Shane (DP)	118	-	5	61	16
293	293	Shane (DP)	118	-	5	61	16
292	292	Shane (DP)	118	-	5	61	16
291	291	Shane (DP)	118	-	5	61	16
290	290	Shane (DP)	118	-	5	61	16
289	289	Shane (DP)	118	-	5	61	16
288	288	Shane (DP)	118	-	5	61	16
287	287	Shane (DP)	118	-	5	61	16
286	286	Shane (DP)	118	-	5	61	16
285	285	Shane (DP)	118	-	5	61	16
284	284	Shane (DP)	118	-	5	61	16
283	283	Shane (DP)	118	-	5	61	16
282	282	Shane (DP)	118	-	5	61	16
281	281	Shane (DP)	118	-	5	61	16
280	280	Shane (DP)	118	-	5	61	16
279	279	Shane (DP)	118	-	5	61	16
278	278	Shane (DP)	118	-	5	61	16
277	277	Shane (DP)	118	-	5	61	16
276	276	Shane (DP)	118	-	5	61	16
275	275	Shane (DP)	118	-	5	61	16
274	274	Shane (DP)	118	-	5	61	16
273	273	Shane (DP)	118	-	5	61	16
272	272	Shane (DP)	118	-	5	61	16
271	271	Shane (DP)	118	-	5	61	16
270	270	Shane (DP)	118	-	5	61	16
269	269	Shane (DP)	118	-	5	61	16
268	268	Shane (DP)	118	-	5	61	16
267	267	Shane (DP)	118	-	5	61	16
266	266	Shane (DP)	118	-	5	61	16
265	265	Shane (DP)	118	-	5	61	16
264	264	Shane (DP)	118	-	5	61	16
263	263	Shane (DP)	118	-	5	61	16
262	262	Shane (DP)	118	-	5	61	16
261	261	Shane (DP)	118	-	5	61	16
260	260	Shane (DP)	118	-	5	61	16
259	259	Shane (DP)	118	-	5	61	16
258	258	Shane (DP)	118	-	5	61	16
257	257	Shane (DP)	118	-	5	61	16
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# Captain targets European Cup glory

## Christie aiming to reign in Spain and bow out unbeaten

FROM DAVID POWELL, ATHLETICS CORRESPONDENT, IN MADRID

FOR those who have followed athletics long enough to remember the occasion, this weekend will bring back memories of the day ten years ago when the world became aware of Linford Christie. It was here in the Spanish capital that Christie won his first international title and should his Olympic 100 metres crown pass to somebody else next month, Madrid may mark his last significant success for his country.

The scene shifts from the Palacio de los Deportes, where Christie won the 1986 European indoor 200 metres title, quite unexpectedly, on a 164-metre circuit, to the Estadio de la Comunidad's nine-lane outdoor track. Should the Great Britain men's team win, it would be the best retirement party that British athletics could give Christie, allowing him to collect the European Cup tomorrow evening as captain. He has been as loyal to his country, never missing a European Cup since his debut in 1987.

Christie has put together the best record of any athlete, man or woman, who has appeared in the event, which dates back to 1965. He has the most individual wins, six in the 100 metres and three in the 200 metres, and has yet to lose.

He should extend that record to ten victories today, when he competes in the 100 metres, and 11 tomorrow, when he runs in the 200 metres. He has no opposition to speak of in the 200 metres and only a hint of it in the 100 metres, where Vladimir Dragodan lines up two weeks after setting a Ukrainian record of 10.02sec. Christie's best this season is 10.20sec, but he has run only two races, neither in warm conditions.

Should this prove to be Christie's Great Britain team retirement party... he still refuses to say whether he will take part in the Olympics, but confirmed last month that this

was to be his last season - he was late for it. He did not arrive here last night in time for the team meeting, but the team management declined to take a dim view, given Christie's length and quality of service. "Unbelievable," was the word that Malcolm Arnold, the head coach, chose to describe Christie's contribution.

How poignant it would be if the remainder of the Great Britain men's team could raise its game here after four successive European Cup finishes as runners-up. Germany start as the team to beat as they are chasing their third victory. While Britain has a greater number of potential

winners, their weakness in some field events looks more damaging than Germany's frailties in the sprints.

If Britain are to win for the second time - the first was in 1989 - the middle-distance runners are the key. If David Strang, in the 800 metres, Anthony Whiteman in the 1,500 metres, Gary Lough (3,000 metres), Keith Cullen (5,000 metres) and Justin Chaston (steplechase), all score highly, Germany can be beaten.

For Whiteman, it is a testing outdoor Great Britain debut, though, if he takes to the task as competently as he did the European indoor championships in March, when he won

the silver medal, Christie will be happy with him. Whiteman is suited to the physical nature of European Cup 1,500 metres racing: 6ft 3in and strong, he is confident of scoring well after his personal best 3min 36.68sec in Lille last weekend. Recognising the nature of the challenge, he said: "European Cup races are always slow. I have got to use my size and strength to maintain my position."

Strang and Cullen should expect top three places and, if Lough and Chaston run well, they may manage the same. Christie apart, Britain will be looking for wins from Duane Ladego (400 metres), Colin Jackson (110 metres hurdles), Jonathan Edwards (triple jump) and in the two relays. More than two failures and Britain could be challenged for second place by Russia and Italy and, perhaps, France.

Germany appear to have the edge over Russia for the women's title, with four countries vying for third place: Britain, Belorussia, France and Ukraine. Conceivably, there may not be an individual British winner because the three who have a chance, Sally Gunnell, Kelly Holmes and Ashia Hansen - all face stiff opposition. Gunnell, in her second 400 metres hurdles after injury, is up against Sylvia Rieger, the German who defeated her in Jena last weekend, and Holmes has quality in depth to test her, including Natalya Dokukova, Patricia Djate and Svetlana Masterkova, who can all run times under two minutes.

For Tessa Sanderson, competing in her seventh European Cup at the age of 40, anything better than fifth place would be an achievement. Sanderson has managed just over 60 metres twice this season, but she has four opponents in the mid-fifties range. Allison Curshisley, one of her team-mates, was not even born when Sanderson made her European Cup debut in 1975.

Christie outstanding record

winners, their weakness in some field events looks more damaging than Germany's frailties in the sprints.

For Whiteman, it is a testing outdoor Great Britain debut, though, if he takes to the task as competently as he did the European indoor championships in March, when he won



Billington and It's Otto clear one of Hickstead's challenging fences on their way to a clear round yesterday

## Billington leads Britain to victory

BY JENNY MACARTHUR

GEOFF BILLINGTON guaranteed himself a place in Great Britain's showjumping team for the Olympic Games yesterday by completing the only double clear round in the Erza New Zealand Nations' Cup at Hickstead on It's Otto, a 10-year-old Dutch-bred gelding, had been Hickstead last year, but then missed the rest of the season because of injury. Since returning to competition in March, when he was third in the Dutch World Cup qualifier, he has improved with each

outing. "He feels fantastic," Billington said. "There's nothing he can't jump."

Di Lampard, competing in her first Hickstead Nations' Cup, had just four faults over the two rounds on Abbervall Dream. Her careful, faultless performance in the second round meant that John Whitaker and Welham, clear in the first round, had no need to jump again.

Unusually, it was Michael Whitaker, the backbone of the Britain team for 12 years, whose score was discarded in both rounds (the best three count). Midnight Madness, his Olympic reserve horse, faulted at the last fence, The Derby Rails, in the first round

and The Planks (fence five) in the second round. "I could excuse the second mistake as unlucky, but not the first," Whitaker said.

France, led by Herve Godignon, on Viking du Tillard, had been equal with Britain on four faults at the end of the first round with Ireland on five, but a second-round tussle fizzled out when Britain forged ahead with clear rounds from Lampard and Billington. Ireland, helped by two superb rounds from Francis Connors, on Spring Elegance, moved ahead of France, but had rallied too late to win.

The overall death toll of the event, first run in 1907, now stands at 167. The eight-race festival begins today with the six-lap Formula One TT.

Results, page 45

## England hold place in reserve for final

FROM COLIN MCCULLAN  
IN PETALING JAYA, MALAYSIA

ENGLAND are in the final of the inaugural squash World Cup here in exactly the shape they wanted, with their top woman and second man well rested and their first-string man required to play only a dead rubber against Egypt in the semi-finals last night.

In contrast, the top-seeded Australians, who beat South Africa in the other semi-

final, showed distinct signs of having carried a full week of competition with just three players on duty.

Brett Martin, the world No. 3, dropped the second game before securing victory against Glen Whitaker, ranked No. 60 in the world. His younger sister, Michelle, the women's world champion, was also unconvincing against Claire Nich before coming through to seal the semi-final.

England's win yesterday was built upon Mark Cairns, who has been required to deliver the lion's share of

effort to ensure that Chris Walker and Mark Chaloner are as fresh as possible for the final today. Cairns defeated Omar El Borolossy in 74 minutes, while the women's string was delivered in 21 minutes by Jane Martin.

"Chris has taken Eyles in hot conditions before," Stuart Courtney, the England team manager, said. "Mark Chaloner has beaten Brett Martin and Suzanne has this year's only win over Michelle Martin."

Results, page 45

## Ragmar to make stamina tell in classic

BY OUR FRENCH RACING CORRESPONDENT

DON MICHELETTI looks best of the four British runners in the Les Emirats Arabes Unis Prix du Jockey-Club, the French Derby, at Chantilly tomorrow. The other three - High Baroque, Polarix Flight and Astor Fair - are supplied by Peter Chapple-Hyam. None, however, looks to have better than place prospects.

Hellisio, the winner of his three races, including the

group two Prix Noailles and group one Prix Lupin, will be a warm favourite. He is a top-class colt but the son of Fairy King is not certain to stay in a truly-race over 1 1/2 miles. There is some value to be had in opposing him.

The man to follow is the Chantilly trainer, Pascal Bary, whose two representatives, Ragmar and Arabata, won in the style of solid stayers last time. Ragmar can beat his stable companion and win a second Prix du Jockey-Club for Jean-Louis

Bouchard, successful two years ago with Celtic Arms.

Ragmar was runner-up to Le Triton in a maiden and then beaten a short head by Polarix Flight in the group one Critereum de Saint-Cloud last year. He got off the mark by defeating Ego, Kadavore and Oliviero on his only outing this year, the group two Prix Greffulhe at Longchamp in April.

Don Micheleito will be coupled to win with Water Poet, who won his only race in good style at Longchamp last

month. Sheikh Mohammed's colt is a half-brother by Sadler's Wells to last year's Arc third, Swain.

On the same programme, Regal Archive, trained by Chapple-Hyam, tackles the group one Prix Jean Prat over nine furlongs. However, he faces tough opposition in Martiniquais and Blackwater, both of whom have won their last two starts.

Cash Assumens rides Dankester for Michael Bell in the one-mile Prix de la Jonchere at Longchamp today.

## STRAFORD

THUNDERER  
2.50 Beyond Our Reach, 3.20 Polden Pride, 3.50 Special Account, 4.25 Proud Sun, 4.55 Blue Raven, 5.25 Big Ben Durr, 5.55 Blue Raven.

Carl Evans: 4.25 What A Hand.

GOING: GOOD SIS

## 2.50 RICHARDSON'S PARKWAY DEVELOPMENT

CONDITIONAL JOCKEYS CLAIMING HURDLE (22.54; 2m 5f 110yds) (13)

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# World Cup of 2002 to be shared

FROM ROB HUGHES, FOOTBALL CORRESPONDENT IN ZURICH

THE World Cup finals of 2002 will, after all, be shared between Japan and South Korea. Though it had been opposed by the president of Fifa and by the Japanese Government until the eve of the Fifa executive committee meeting here yesterday, this represents not only a total about-face, not only an historic division of a tournament that has become too big for single countries to host in many regions, but also a systematic defeat for the presidency of João Havelange.

Havelange also had his authority undermined yesterday morning when the executive committee bowed to a proposal from Lennart Johansson, the Swedish president of Uefa, the sports European governing body, who insisted that the television and marketing rights for 2002 and 2006 must be renegotiated with full accountability to the 21-man executive committee.

"You could say democracy has arrived at Fifa," Johansson said. "He [Havelange] must judge whether this is good or bad for his prestige."

Havelange, 80 on Wednesday of this week, said: "I submitted a proposal which the executive committee unanimously applauded, and that was for us to ask Japan and Korea to jointly organise the World Cup of 2002."

The president said that he had received a letter from the Japanese Football Association, stating that it would agree to co-hosting. In fact, the association would have preferred a vote: they were instructed by letter from Tokyo to acquiesce.

This government signal came in the light of the fact that nobody could predict the outcome of a vote, and that it was increasingly apparent that the executive members were debating among themselves voting for South Korea to oppose Havelange's blatant preference for Japan.

Sitting in the Dolder Grand hotel yesterday, the World Cup trophy in front of him, Havelange looked characteristically stone-faced.

He announced the setting-up of a working party, headed by Guillermo Cañedo, of Mexico, and Antonio Matarrese, of Italy, his vice-presidents. They will be asked to report by December on how two neighbours, whose past is fractious to say the least, will become bedfellows in presenting the first World Cup finals to be shared.

The happiest onlooker yesterday was Peter Velappan, the general secretary of the Asian Football Federation, who proposed co-hosting 18 months ago. He acknowledges that there will be many problems, such as who gets the opening and closing games, who organises safety and how will the top teams be allocated, but he is convinced that the two sides can, and will, present a World Cup that will be the most advanced technologically that the world has seen and the thrill of a lifetime for all who attend.

Havelange did not look so pleased, and neither did the Japanese football officials. Even Mong-joon Chung, the leader of South Korea's bid, said: "I will have to ask myself in two days if I am happy."

With the television cameras whirring, Dr Lee Hong-koo, the chairman of South Korea's governing party, addressed his people in Seoul. "The irony in this situation," he said, "is that you were all waiting for a victory, but it is because we are strong that we sometimes have to accept a situation that is less than we wanted."

Off camera, Lee said: "I was hoping for a total showdown, for a vote. In a sense, what we had was a total surrender — but in a face-saving sort of way."



Gould has worked hard and enjoyed every moment since being appointed manager of Wales ten months ago. Photograph: Julian Herbert

## Barking Bobby makes most of Welsh rule

Ask Bobby Gould, the Wales manager, about the fitness of Ryan Giggs or Mark Hughes, and you are just as likely to end up discussing the state of the pitch. Question him about the form of Neville Southall, and the conversation can quickly turn to how nice his new office is looking.

Setting Gould in motion is not the problem. He lives and breathes football with a passion, always has done, and has rarely had a day off since the Football Association of Wales (FAW) appointed him almost ten months ago. Stopping him, and keeping him on the right track, is more awkward.

As his mind explores different avenues, simultaneously, the result is often a stream of half-finished sentences and bewilderingly profound statements, delivered at pace. Sometimes serious, sometimes joking, sometimes somewhere in between, and frequently accompanied by a deep stare to ensure that the point is not lost.

"Barking Bobby," as he is affectionately known — and not because he hails from Essex — has led Wales for five matches. His rule encompasses

Russell Kempson meets the philosophical national manager looking forward to the trip to San Marino

the tail end of a fruitless European championship qualifying campaign and subsequent fixtures against Italy and Switzerland — one victory, over Moldova, one draw and three defeats.

Tomorrow night, in the Stadio di Serravalle, in northern Italy, Wales open their 1998 World Cup qualifying campaign against San Marino. As moments of truth go, it is the first in Gould's fledgeling international career. Others will follow in group seven, against Turkey, Holland and Belgium.

"I never thought I would get an opportunity at this level and I've enjoyed every minute of it," he said. "I've worked hard, bloody hard, and I'll be working harder still. I'm a bit of a fatalist and perhaps a philosopher, too — I believe in what will be, will be — but it's been brilliant."

"Much of it has been a battle. There was not a lot to build on and I have had to work within certain restrictions.

It can take ten to 12 games before you create a unit, an understanding, but I think I've stimulated a few people. The Welsh know I mean business."

Wales have achieved little since 1958, when they lost 1-0 to Brazil, the eventual champions, in the World Cup quarter-finals in Sweden. Since Paul Bodin missed a penalty and they lost 2-1 to Romania in 1993, when a win would have taken them to the 1994 World Cup finals, the spiral has been relentlessly downwards.

"Of course, it's tough," Gould said. "Everything is borrowed, isn't it? The players, the training areas. The only thing you own is the shirts. I'm gradually laying the foundations, but I suppose I might be doing the work for someone else, like I did at a lot of my clubs. I'd love to have been given a ten-year contract."

Though primarily responsible for the senior team, Gould supervises the running of five other representative

sides. He is trying to revamp a long neglected infrastructure within the FAW, and has been encouraged by the response. He has also helped to negotiate a new kit deal, worth about £1 million. He even persuaded the FAW to spend £2,500 on refurbishing his office, a notable achievement.

"Today's football manager needs to possess the financial dexterity of a City dealer, the patience of Job, the wit of Oscar Wilde and the flamboyance of Danny La Rue," he said, chuckling at his latest saying. "I've not banged on any doors yet. I'm just knocking politely at the moment, but I think we all know what we're trying to do now."

After five fixtures, in which he has experimented with 34 players, Gould should find out in San Marino tomorrow if his message, whatever it is, has got through.

Wales in San Marino: N Southall (Everton), M Bowen (Norwich City), A Meehan (Sunderland), C Coleman (Blackburn Rovers), M Pemberton (Sheffield Wednesday), B Home (Everton), M Browning (Bristol Rovers), J Robinson (Charlton Athletic), M Hughes (Chelsea), D Saunders (Gillingham), R Giggs (Manchester United). Substitutes: S Jenkins (Ilders, Felt Town), K Symons (Manchester City), J Goss (Preston City), G Taylor (Sheff Wed United), A Long (Birmingham City), R Savage (Crewe Alexandra), A Mannott (Wrexham) or D Coyne (Tranmere Rovers).

## Goodman is next in Irish search for goals

FROM PETER BALL IN DUBLIN

MICK MCCARTHY, the Ireland manager, seems determined to solve his search for a striker in south London. After investigating the antecedence of Dean Holdsworth and Chris Armstrong without success, John Goodman, of Wimbledon, emerged yesterday as the latest name on McCarthy's list.

"We are not absolutely certain about his qualification yet, but I'm very hopeful," McCarthy said. Goodman scored nine goals for Wimbledon last season in 31 appearances, 19 of them as substitute, which hardly presents irresistible credentials for a potential international goalscorer, but McCarthy is finding that beggars cannot be choosy. His other strikers have not scored in the three matches since he took over, extending Ireland's run without a goal to five matches.

Ireland will have to try to end that sequence against Croatia here tomorrow without Goodman. Instead, McCarthy is likely to give a first start to Keith O'Neill, the exciting young Norwich City winger, who made a fleeting but promising appearance as substitute during the 1-0 defeat by Portugal on Wednesday.

McCarthy's introduction to international football has been nothing if not demanding, and Croatia will be swiftly followed by Holland in Rotterdam on Tuesday. However, he is undaunted.

"I think things have gone very well," he said. "Of course I want to win these games, I want to win every game, but what I've got from these matches is more important."

He can draw encouragement from Shay Given, the goalkeeper from Blackburn Rovers, who has established himself as an international of high quality, and the prospect of Kenny Cunningham and Mark Kennedy following suit. Nevertheless, the search for a goalscorer goes on.

THE TIMES

# THIS MONDAY, THE LATEST EUROPEAN CONFLICT COVERED IN DEPTH.



This 24 page Euro 96 Supplement is free with The Times on Monday. Who are the players to watch? Who are the rising stars? This comprehensive analysis of the teams and a guide to the fixtures kicks off a great summer of sport.







## Saturday portrait: Thomas Muster, by David Miller

ILLUSTRATION: STEVE MARTIN

## Clay provides perfect medium for work of a master craftsman

It takes a hard man to query, pedantically, a line decision in the final set of a tennis match that he is in the process of winning for the loss of only four games. For Thomas Muster, the defending champion of the French Open, it was no different against the all-but-paralysed Gerard Schuster than had it been match point in the final.

His rivals do not much care for Muster, an Austrian from the small town of Leibnitz, not far from Graz on the Slovenia border. They do not like his manner and some do not think that he has deserved to be the world's No 1 when he plays almost exclusively on clay courts. Cedric Pioline, the Frenchman, has said that Muster, 28, is so aggressive on court "you don't get a chance to sort out your own game".

The feeling is mutual. Muster, from a modest home of working-class parents, is shy, a natural loner, and has developed, in conjunction with Ronnie Leigeb, his coach, an attitude that, together, they will take on the world. In spite of an accident, seven years ago, that would have destroyed the morale, not to say the career, of most, the pair have succeeded to a remarkable degree.

In February this year, Muster succeeded Andre Agassi as the world's top-ranked player, the second-oldest of the 13 who have achieved the position, behind John Newcombe, who was 30. Yet Muster is the only No 1 never to have won, as yet, a singles match at Wimbledon. Four times he has been a first-round loser, three in straight-sets — to Guy Forget, Grant Stafford and Olivier Delattre — and one in five — to Alexander Mronz in 1994. It was earlier this year that he won his first match on grass in a Davis Cup tie in Johannesburg.

Ian Barclay, who coached Pat Cash to win at Wimbledon, has said, dismissively: "Thomas is a wonderful clay-court player. Full stop."

Just as Muster drove himself, by brutal willpower, to recover as the innocent victim of a car accident, so he is determined to improve his performance on grass. He will play again at Wimbledon this

year, after preparatory tournaments on grass at Queen's Club and Halle. "I want to prove," he said, "not to others but to myself, that I can also play well on grass."

Yet the man who fires forehands past opponents from the baseline as though from a rocket launcher is said, by those who know him, to be shy, anxious for privacy. When, in 1989, he limped back to his hotel in Key Biscayne on crutches, a drunken driver having smashed a parked car into him as he removed his bags from the boot of his own car after winning the semi-final of the Lipton championships, he was quietly crying. It is said that he is reluctant to go to the cinema because emotional films reduce him to tears.

After winning his first grand slam event in Paris last year,

**'Muster is so aggressive, you don't get a chance to sort out your own game'**

raising his career prize-money beyond \$6 million (about £4 million), he returned not to his tax exile home in Monte Carlo but to the room in his parents' small council house that he occupied as a 13-year-old. When he stays in Vienna, it is at a small hotel where he can remain anonymous.

He has few friends. He has parted from Mariella Theiner, his girlfriend, 20, though not because of his apparent flirtation with Sarah Ferguson, the Duchess of York. After their first, brief meeting, she followed him to Australia early this year, on the pretext of seeing her sister in Sydney, then flying to Melbourne, stage for the Australian Open, where she booked into the same hotel for one night. They have seen each other since then for one day in February in London.

When Muster is in Monte Carlo, he likes to paint — "I can't draw. I draw a car, it looks like a cat" — and his use of colours is said to be

clear and strong. His only other hobbies are learning to fly helicopters and an occasional turn on the drums.

His aggression can take a self-defensive form off court. Boris Becker, defeated by him in the Monte Carlo Open last year, only 24 hours after Muster had seemed to be dehydrated by exhaustion in the semi-final, accused him, by implication, of using illegal substances to aid his recovery. Muster insisted on a drug test and the unusual announcement of its negative result. Becker was fined \$20,000 by the Association of Tennis Professionals (ATP).

Muster had previously successfully sued the ATP for insurance underpayment after his injury. Disregarding his potential, the ATP's representative had told the court that the only money Muster had lost would have been as "seven-times first-round loser". His ultimate No 1 ranking years later was sweet moral revenge.

He and Agassi have had an ongoing exchange of insults, Agassi deriding him as a one-surface player, unworthy of the world title held by former greats such as Borg, McEnroe, Becker, Edberg and now Sampras. Muster has responded: "I did not buy them [the ranking points] in the supermarket and I do not cheat anybody for them. I give him respect, he should give it to me."

Between February and June last year, Muster won 40 successive matches and seven titles. Among the kings of clay, Muster's record is remarkable. His win-loss record and number of titles at the beginning of this year was 346-97-33. Mats Wilander, in second place, was 257-75-20.

It all began as a 16-year-old when he was recommended by Leigeb to Wojtek Fibak, the coach of Ivan Lendl, as a suitable left-hander for practice. Impressed, Fibak suggested to Leigeb, a radio journalist and club player, that he should take up coaching the youngster. Eleven years later, an unusually long span for a player-coach relationship, they have hit the jackpot.

Muster is said to be careful with his money, yet has rashes of generosity. When a colleague was



cold at a winter tournament, Muster walked out and bought an expensive overcoat and nonchalantly told him to keep it. On impulse, he gave his Porsche to Leigeb.

Yet he has not sought to provide, nor have his parents asked, assistance in moving to a larger home. Commendably, though their son could change their lifestyle, they have continued as before: his father with his clerical job in the army, his mother as caretaker of the professional's shop at the

tennis club, although recently she has retired from that.

A close friend said that, in the winter of 1994-95, Muster was ready to quit the game. He discussed with Leigeb the possibility of playing out his existing commercial contracts and reverting to a normal life. Muster regrets having concluded his education at only 14 and would like, at some stage, to go back to school as a mature student.

After lengthy discussion, however, they decided to continue. one

or two good matches proving that wider achievements lay ahead. It was worth working even harder than before. One of the incentives was the Davis Cup. Between 1991 and 1994, Muster, at odds with his Austrian colleagues, had declined to play. An indication of the power that he and his coach wield in their own country is that Muster is now playing, and the team captain is... Leigeb.

If he can flatten that remarkable forehand and improve his service, he could become, for a while,

almost unplayable on clay courts. He is unfairly condemned for avoiding hard courts, on which his left knee, the ligaments of which were severed in the accident and which remains relatively stiff, might rapidly deteriorate. Meanwhile, he rides the implied insults and continues the unending match in which there is no tie-break — Muster v The World. This is the man who, during the early rehabilitation of his knee, devised a chair from which he could still practise hitting the ball.

## Visit the monks of Fuggles Abbey.

See the Wax-works in an old shed at the back of the brewery and imagine what life could have been like if there were monks and an abbey.



## Goulding needs six-pack

BY CHRISTOPHER IRVINE

BOBBIE GOULDING is six goals short of one of the few goal-kicking milestones that Frano Botica has failed to reach in rugby league — the fastest century of goals.

To rub it in, Botica and Castleford, his new club, watched last Monday night as Goulding, the St Helens captain faultlessly slotted a penalty and ten conversions in much the way that Botica did in five seasons for Wigan.

Goulding has three games to get the six goals that he requires to beat the record of 100 goals in 18 matches shared by four players: Bernard Ganley (Oldham, 1957), David Watkins (Salford, 1972), Steve Quinn (Featherstone Rovers, 1979) and John Wastly (Wigan, 1993).

Paris Saint-Germain's vulnerable defence could allow Goulding to complete the feat tomorrow night, provided that a sore shoulder does not rule him out of the match at Knowsley Road. Goulding's 1,242 career-

points total is still some way short of that of Botica, who was aiming, in Warrington's visit to Castleford last night, for the seven points that he needed to break the British 2,000 points barrier.

Botica holds the speed record for the fastest 1,000 points, which he achieved in his 93rd game, although points in a struggling Castleford side are harder to come by.

Halifax Blue Sox are heading in the right direction. However, starting with the visit of Sheffield Eagles tomorrow, they must do without Wayne Jackson, their prop, for at least two months as he has a condition that causes bleeding in the brain.

Sheffield have fitness worries. Dean Lawford picked up a hip injury in the midweek defeat away to Wigan and joins Mark Aston, David Mycoe and Ryan Sheridan, who is out for the season, on the wounded list. An untired half-back combination of

Darren Turner and Matthew Crowther is a last resort.

Paul Cook, as replacement for Jon Scates on the left wing, is Bradford Bulls' one change, in pursuit of their fifth successive win, at home against Workington Town. The price of Workington's first away victory, at Oldham last Sunday, was injuries to Leigh Smith and Dean Marwood, two more non-starters.

One of the biggest crowds tomorrow will be at Keighley, the first division leaders, for the game with second-placed Salford, who are unbeaten there in 13 years. Keighley have had a bid for Craig Murdoch, the scrum half, rejected by Wigan.

Warrington and Leeds are in the chase for David and Paul Hulme, after the release of the long-serving brothers from their contracts at Widnes, who yesterday agreed a double deal with St Helens for Gareth Cunningham, a hooker, and Phil Waring, a half back.

## Bell considers comeback

BY CHRISTOPHER IRVINE

IT WAS the question that Dean Bell, the new Leeds coach, was bombarded with on arrival at Headingley nine months ago. Each time, he was unequivocal. No, he would not be playing rugby league again; yes, at 34, it was time the boots were stored away.

Well, the boots are out again and Bell, whose previous match was for Auckland Warriors last August, is back in training. Although not tempted to select himself against his former club in the home encounter with Wigan tonight, Bell packing down at loose forward in the near future would come as no surprise.

Taking matters into his own hands was always his way on the pitch. Bell's preparedness to do the same, given the circumstances of Leeds's plight a place off the bottom of the Super League, is far from ideal. "It might not be what I want, but it could be an option, and I'll be ready," he said.

Although Hugh McGahan,

also 34, Bell's New Zealand contemporary and the Leeds team manager, has joined him in training, he has ruled out a comeback. "We are not that desperate," McGahan said. "The training is killing me. It would take me three months to get in shape for half a game."

Nonetheless, the fact that half the Leeds coaching staff is toying with the idea of coming out of retirement underlines the parlous condition of a once rich club. In a recent interview, Bell said: "I have questioned why I am doing this job and should I stay, but I know I'm doing a good job... I was waiting for the money to turn up and wallowing in self-pity, but I now realise I need to just get on with it."

The Leeds coaching position has become a poisoned chalice. Bell is in good and experienced company. Maurice Bamford, Peter Fox, Malcolm Reilly and Doug Laughton have all suffered there in the past decade.

although the team's present position is its worst for more than 30 years.

Leeds have won their past two home games against Wigan: a third time is probably pushing it. Of the winning side last season, Schofield, Cook, Innes and Lowes have gone. Howard and Morley are suspended, Maher and Newton are youngsters having to cope in difficult circumstances and Bell's only consolation is the return of Kemp on the substitutes' bench.

Wigan will be without Tuigamala, a hamstring victim, and O'Connor is doubtful for a match that can briefly edge them ahead of St Helens, who entertain Paris Saint-Germain tomorrow.

London Broncos, finally back at The Valley, Charlton tomorrow after a six-week absence, get a chance to extend their unbeaten home record at the expense of Oldham. Maguire makes his debut at centre and McRae moves to scrum half.

## Cantona's grave words give French food for thought

ERIC CANTONA, I see, has been brooding on mortality. Speaking of his omission from the France team that will contest the European championship, which starts, Lord help us all, next weekend, he said: "I think a lot of officials thought I was dead after the Crystal Palace match," referring, of course, to his notorious kung fuing of a supporter at that game. "Since I was not completely dead and since I even resurrected, they have

done everything they could to make sure I died a second time." He added darkly: "We'll see who dies in the end." *Tout le monde, Eric my old, tout le monde: footballers and sardines included.*

### Fun for all

Some notes on the most important topic in tennis — Mary Pierce's cleavage. She said, of the extremely little black dress she is affecting — observe this column's unerring choice of the *not just* — for the French Open: "I think it's revealing. I just think it's exciting. I think it's fun."

### Market forces

Here is a little tip for all those who run stadiums in this country. The Luzhniki Stadium in Moscow, centrepiece of the 1980 Olympic Games, like so much else in Russian sport, started falling apart after the collapse of the Soviet Union. They wanted to restore it in time for Moscow's own millennium, which takes place next year, but the city authori-



**SIMON BARNES**  
On Saturday

ties have rather more to worry about than a 40-year sport facility. So they opened a second-hand market in the stadium. Rapidly, it became known as the spot for the cheapest second-hand clothes and shoes in town. Now modernisation is underway: a second-hand stadium will grace the Muscovite millennium.

### Well versed

Time, once again, for a spot of poetry. I have in my possession a hand-produced book of poems about the sport of crown green bowling, *Rolling Words* by Frank Buzzard. Here is a sample: *Beard swings on an invisible necklace. Feeling its way round the crown.*

Silent as beauty, declining to race. Threading a silky way down.

### Reading matters

The task of selecting which books the England football team should read during a big tournament is not one that keeps people awake at nights, but they do things differently in France. Bernard Pivot has that most difficult of tasks. He knows that, when a France team has contested World Cups in 1982 and 1986, the books provided have been devoured. Pivot is concerned that some of the books he has selected — authors like Courbet, Musset and Aragon — are of great literary value — but erotic. I realise that, if the players do not do well, particularly if they flag physically, I

could get the blame." He has therefore put the whole matter of required reading for footballers up to a referendum. I wonder what Gozza was reading on the plane.

### No defence

Here is some careers advice. Do try awfully hard not to be a defender in Italian football. Gianluca Grassano, a defender with Salernitana, had the misfortune of scoring an own goal and was beaten up by a masked gang in the underground car park beneath his block of flats. Meanwhile, Vittorio Tosto, a defender with Avellino, was attacked by a crowd of supporters at the training ground, who slapped and punched him and told him: "You've got to go."

### Gor blimey

In this country, we merely sack managers. In Africa, they sack entire teams. Gor Mahia, the Kenyan football champions, fired the entire playing staff, that is 22 players, after

their early exit from the African Champions' Cup competition and a bad match in the league, all for "indiscipline". Last February, another eight players were sacked, all for the same reason. "The players are so ill-disciplined they refused to turn up for training," James Ogoda, the club chairman, said.

### War crime

Never speak ill of a dictator. George Weah, the Liberian who has been winning awards for being the best footballer in Europe, Africa and the world, was recently asked by an American newspaper about the situation in his homeland. He described it as "horrific" and said the United Nations should send in troops and keep them there. Charles Taylor, the Liberian warlord, pronounced himself "infuriated". Subsequently, Weah's home in Liberia has been burned down, the cars there stolen and a number of the female inhabitants raped. Weah is moving all those he can to the Ivory Coast.







## Mullally is ready to make the breakthrough

BY ALAN LEE  
CRICKET CORRESPONDENT

ENGLAND are not often in a position to leave out an opening batsman who made a century in their last game or to dismantle a team that has just lifted a trophy. When the selectors meet this evening, however, they will, quite rightly, be focusing not on a dank May Monday in Manchester but on balmy January days in Cape Town; not on an uplifting one-day victory but a demoralising Test defeat.

Responding to the lessons of the World Cup, England accurately identified their needs for one-day cricket. They won the Texaco Trophy with style and merit, but as Michael Atherton, the captain, has already stated, "different priorities" will dominate the agenda as they select the party for the first of this summer's six Tests, against India at Edgbaston starting next Thursday.

England require an attack with a cutting edge, one likely to bowl out a team twice, and to that end they may give a Test debut to the Australian-raised fast bowler, Alan Mullally, and recall to the squad an off-spin bowler of whom Raymond Illingworth has seldom spoken highly, Peter Such.

There will be further changes, some mystifying a public glorying in the Texaco victories but all of them justifiable. Alistair Brown, the century-maker on Monday, was a bold and progressive choice in the limited-overs side. Mark Ealham and Matthew Maynard are in the same category and so, it can be argued, are Chris Lewis and Ronnie Irani, but the mistake of previous selection panels, in confusing one-day success with five-day potential, must not now be perpetuated.

The possibility exists that this will be the last Test team

chosen by Illingworth. If so, it is to be hoped that the beleaguered chairman presides over a selection of clarity, prioritising the need for a technically proficient No 3 batsman, specialists to keep wicket and bowl spin and, both for quality and variety, a left-arm seam bowler.

Wicketkeeping first: Alec Stewart did the job admirably in the Texaco matches but to prefer him to Jack Russell now would be a heresy - suggesting short memories and illogicality. Since being restored to the Test team in midsummer last year, Russell has been a diamond among England's pebbles. His keeping in South Africa was superb and he is averaging considerably more with the bat, over two series, than Stewart.

Keith Piper, a livewire in Warwickshire's success story, will also be discussed. He is a fine, nimble wicketkeeper, a worthy deputy to Russell so



Mullally: very impressive

long as he learns that there is a distinct dividing line between needing the opposition behind the stumps - a ploy Russell himself can take to the limit - and demonstrative baiting of batsmen and questioning of decisions.

Three of the six batting places are up for debate but

Nick Knight will win back the opening job he lost through injury late last summer, providing the selectors are satisfied with his recovery from a cracked index finger. Stewart remains an alternative and could be on standby for this position; there will also be a lobby for his retention in the team at first wicket down.

This would be harsh on John Crawley, who has not yet been given the opportunities of others, notably Ramprakash, and David Lloyd, the coach, examined the Edgbaston pitch this week they were not only reassured by its quality but inclined towards the possibility of playing four seamers.

If this occurs, and I am instinctively against abandoning spin, Lewis's batting ability at No 8 will probably promote him above Gough or Fraser. The last place should go to a left-arm and although Simon Brown and Mark Flitt will have their supporters, Mullally has been

the most impressive of the breed so far this season. Born in Southend, raised in Perth, Mullally, 26, has played for Leicestershire since 1990 with mixed fortunes but when fit and in form, as he is now, he is a penetrative bowler and this is the optimum time to include him. Graham Gooch is due to watch him against the Indians at Grace Road today.

The number of candidates and permutations is encouraging at the start of an important summer for England and there may be no straightforward consensus this evening. England now have a strong-minded selection panel. Gooch and David Graveney are men of firm and informed opinions; Lloyd will have his say, too. It could be a long meeting.

My 13 would be: Atherton, Knight, Crawley, Thorpe, Hick, Hussain, Irani, Russell, Lewis, Cork, Martin, Mullally, Such.

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CRICKET

Alan Lee, cricket correspondent, analyses the England Test team: will it set the pattern for success against India?

## Sampras battles on against the odds

FROM DAVID MILLER IN PARIS

THE "dress" has gone. Mary Pierce, the No 12 seed, came apart at the seams in the French Open women's singles yesterday, thus joining Andre Agassi as a dress-freak casualty of these tennis championships. The main story of the day, however, was the continuing success of Pete Sampras, who has had the toughest of draws.

Sampras had found himself, as top seed, confronted with a succession of difficult hurdles. Lying in his path in the first two rounds were Magnus Gustafsson and Sergi Bruguera, a dual former champion. Yesterday, it was the American, Todd Martin, the world No 18, runner-up in the Australian Open and a semi-finalist at both Wimbledon and the US Open two years ago, Martin, extended Sampras before going under 3-6, 6-4, 7-5, 4-6, 6-2.

It could probably have ended earlier had Sampras engaged his tactics of the final set chipping from the baseline to give Martin no pace, and coming in behind the ball to volley. The bonus was less the volleys he was able to put away than the increase in Martin's unforced errors as he went wide on either flank attempting to shave the lines and escape the volley.

Sampras undoubtedly looked weary by the finish, on a cloudy but humid day. There was the feeling, perhaps false, that he let the end of the fourth set go in preparation for the change of strategy. The ruse worked, and now it was Martin, 6ft 6in, who looked

Thus the possibility remains open for Sampras to win the one grand slam event that has eluded him, and to be the first serve-and-volley winner since Noah in 1983 and before that Laver in 1969. To do so, he will probably have to take the risk of attacking more constantly; and to serve as well or better than yesterday, when he had 20 aces to Martin's 29.

Sampras had defeated Martin in the Wimbledon semi-final in four sets, but now his Davis Cup colleague troubled him constantly with his variation from the baseline, mixing flat drives with top spin. Occasionally, Martin would hit a fading ball which would bring Sampras lunging forward to produce an error.

Two service breaks gave Martin the first set, but Sampras apparently had things in hand when leading two sets to one. In the final set he gained the critical break in the third game. Martin had a point for a break back in the next game with a lucky net-cord bounce at deuce, but Sampras pulled out an ace, and within minutes had broken again for 5-2.

It was, Sampras said, the toughest first week of a grand slam he had known, and the top half of the last 16 now reads: Sampras v Draper (Australia); Ferreira (South Africa) against Courier (United States); the seventh seed, against whom Kucera, of Slovakia, retired injured at 5-4 down in the fourth set; Bjorkman (Sweden) v Krajicek (Holland); the thirteenth seed; and Clavet (Spain) v Kafelnikov (Russia), the sixth seed.



Rittner celebrates her straight-sets triumph over Pierce in a third-round match riddled with gamesmanship at Roland Garros yesterday

No Frenchwoman has won the French singles since Francoise Durr, with that inimitable scything backhand, in 1967, and before her, Madame Landry in 1948. Pierce was the chief hope, but the lack of affinity between the Canadian-born girl and her Parisian compatriots was evident when she was whistled and booed off court after an ignominious 6-4, 6-2 defeat by Barbara Rittner, of Germany, the world No 80.

Pierce packed her rackets and stomped off court without waiting for her opponent, who waved graciously to an appreciative crowd. Tall, at nearly 5ft 11in, yet well balanced, Pierce is equipped with some

stinging ground strokes and fierce volleys. Yet, the inside of her head is as confused as a Champs-Elysees traffic jam.

The stalling and gamesmanship of Pierce, when serving or receiving, was flagrant, and it was improper that Rittner, driven to retaliation to achieve tactical equality, was the one to receive a warning. Admittedly, the match had reached a stage four games from the finish when it seemed that the playing of some points might never begin as first one and then the other player went walkabout.

I had thought that the only player who might drive me screaming from the court with repetitive mannerisms was

Courier, but Pierce takes the biscuit. It goes like this:

Briefly skip like lamb to exhibit youth/fitness. Wipe baseline clean with shoe, knock shoe clean with racket. Smooth down skirt, shake left wrist to secure watch-strap, wipe nose either side with fingertip. Shake ponytail into starting position, stare for three seconds at unidentified person in crowd, bounce balls. This can be varied at any time with a pause, as if suddenly remembering that she forgot to let the cat out.

Rittner, 23, who in six years has never been beyond a grand-slam third round, rapidly became incensed, and at 3-3 was beginning her

counter-action. In the eighth game, Pierce unnecessarily demanded inspection of her baseline call at the other end, and swung her racket angrily when conceding the game.

She changed racket twice, to no avail. Her behaviour in the second set became stranger, and wilder by the game, which is a pity for someone so talented.

Monica Seles, the second seed, found herself 5-2 down in the second set to the amiable Belgian, Sabine Appelmans. Then that tight little Yugoslav mouth narrowed characteristically, and poor Appelmans failed to win another game.

Results, page 45

## Fast Eddie unhappy at having to play leading role

FROM OLIVER HOLT  
IN BARCELONA

EDDIE IRVINE was getting restless. Top of the times after the first two practice sessions for the Spanish Grand Prix here tomorrow, he had attracted an eager mob, journalists bombarding him with questions, pushing and jostling in the heat of the afternoon. He likes to call the journalists that pursue him "the unwashed".

"I am not going to be first in a session again," he said, "because you guys just come and bug me." To make sure there was no mistaking his mood, he wrote off Ferrari's chances of winning in the scorching hills above Barcelona. "The best we can hope for is a podium place," he said. "Anyone can win a race. Oliver Panis showed that in Monaco. But a genuine win for Ferrari? Not for a while."

As Irvine strode away from his impromptu court, Jacques Villeneuve, Formula One's other outstanding support act, emerged from the Williams-Renault garage, his blue eyes hidden behind blue sunglasses.

Despite three failures to

finish this season, the French Canadian is still second in the drivers' championship. "A 21-point lead can disappear in two races," Villeneuve said. "That is all that separates us. Obviously Damon is in a good position but I still think anyone can win it. The season is still wide open. I think I still have a good chance and you cannot count Michael out either."

Villeneuve, though, may be about to come into his own. He will race on home ground in Canada next month at the circuit named after his late father, Gilles, the first of a host of tracks he is more familiar with. He was sixth in practice yesterday but, especially in the light of Irvine's downbeat comments, he may be about to establish himself as the primary challenger to his teammate, Damon Hill, who he trailed by only 0.1secs.

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finish this season, the French Canadian is still second in the drivers' championship. "A 21-point lead can disappear in two races," Villeneuve said. "That is all that separates us. Obviously Damon is in a good position but I still think anyone can win it. The season is still wide open. I think I still have a good chance and you cannot count Michael out either."



Irvine checks his time after practice drive in Barcelona

"My confidence in my own driving is the same as it has always been. When you start high in people's estimations like I did in Melbourne, then it is difficult to improve. Even if you do improve, it still feels a bit flat. The higher you are the faster you fall. If I had qualified tenth in Australia, maybe it would have been easier."

"Today, though, I was

happy. So far it is not a bad start. Neither Damon nor I used new tyres and we are up there, so it looks pretty good. I had one day's testing here in the winter so at least I knew where the track was going and I could push right away. We are more on the pace than we were at the Nurburgring and I won there, so that must be encouraging."

If Villeneuve has been a

victim of fluctuating fortunes, he spared a thought for his friend, Alessandro Zampardi, who has suffered more grievously. Zampardi, an Italian who Villeneuve raced against in his years in IndyCars, was leading the Indianapolis 500 last Sunday with fewer than 20 of the 200 laps to go. He was overtaken a few laps later but at the very moment when the winning car of Buddy Lazier took the chequered flag, another car spun in front of Zampardi, hurling him into the concrete wall on the last corner and launching his car into the air. He broke both legs and dislocated both ankles. His feet were so badly crushed they may have to be amputated.

"It shows how quickly you can go from nearly being a hero to something like that," Villeneuve said. It is the part of the reason why Irvine can be so cautious in his public utterances. So far, though, Villeneuve has negotiated the obstacles placed in front of him without any noticeable damage. Within the next few races, he may be the hero again.

## TIMES

1. E Irvine (GB) Ferrari, 1min 24.331sec (average speed, 128.119mph). 2. R Barrichello (BR) Jordan, 1:24.367. 3. O Panis (FR) Ligier, 1:24.400. 4. D Hill (GB) Williams, 1:24.496. 5. M Schumacher (GER) Ferrari, 1:24.457. 6. J Villeneuve (CAN) Williams, 1:24.515. 7. G Berger (AUS) Benetton, 1:24.704. 8. J Alesi (FR) Benetton, 1:24.839. 9. P Dini (BR) Ligier, 1:25.192. 10. J Verstappen (HOL) Footwork, 1:25.229. 11. H-H Fuhrman (GER) Sauber-Ford, 1:25.256. 12. J Herbert (GB) Sauber-Ford, 1:25.774. 13. M Hakkinen (FIN) McLaren-Mercedes, 1:25.919. 14. M Salo (FIN) Tyrrell-Yamaha, 1:26.488. 15. M Brundage (GB) Jordan-Preogel, 1:26.343. 16. U Katajama (JAP) Tyrrell-Yamaha, 1:27.163. 17. G Fischella (R) Minardi-Ford, 1:27.332. 18. P Lamy (FRA) Minardi-Ford, 1:27.374. 19. D Coulthard (GB) McLaren-Mercedes, 1:27.522. 20. R Fittell (GB) Footwork-Hart, Brazil, 1:27.623. 21. L Badoir (FR) Fort-Ford, 1:28.868. 22. A Montemini (R) Fort-Ford, 1:28.952.

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